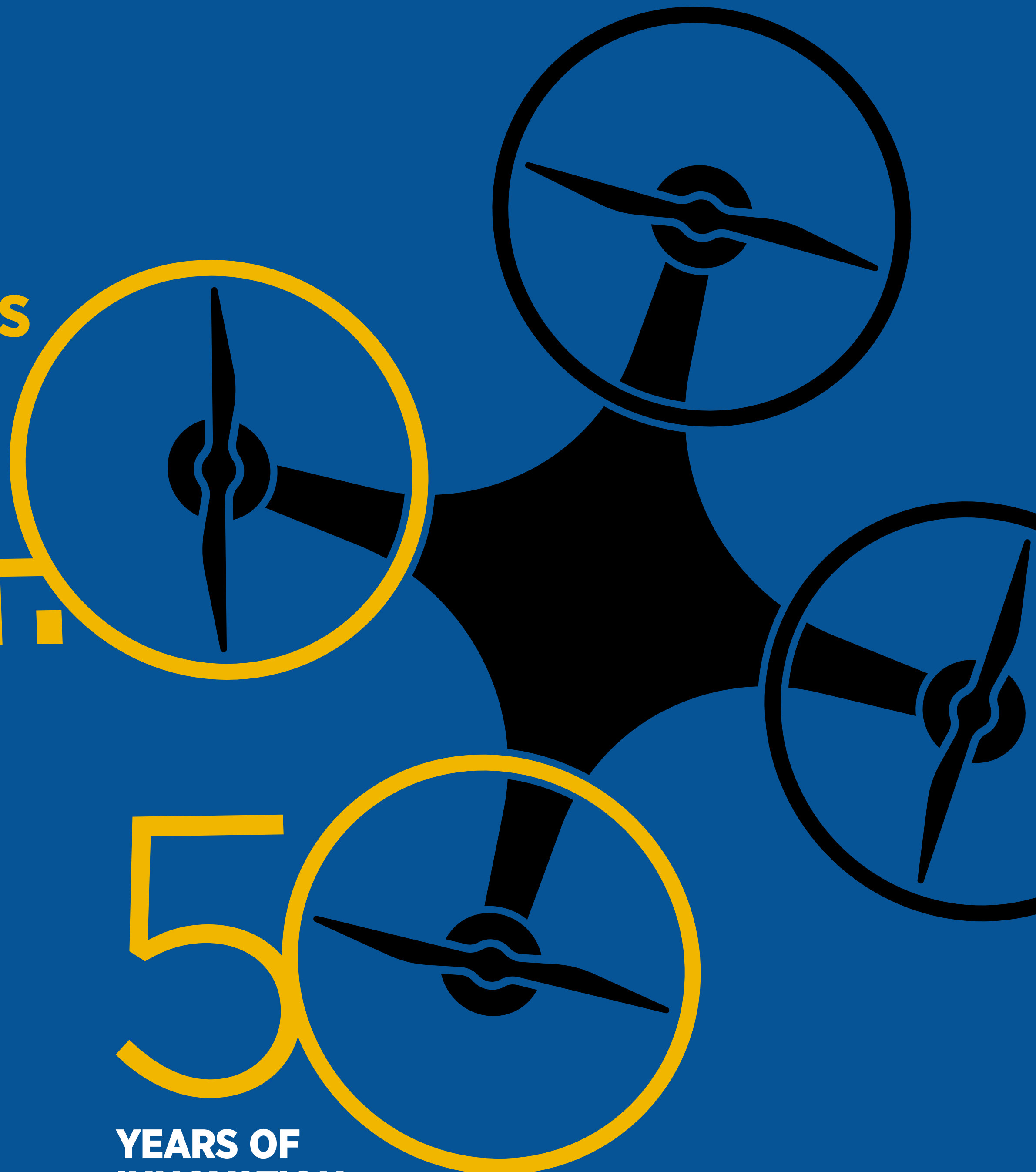
TATA CONSULTANCY SERVICES

TATA

DAWN OF BUSINESS 4.0



50 YEARS OF INNOVATION AND GROWTH

Subsidiary Financials **2017-18**

CONTENT

APTOnline LIMITED

(CIN: U75142TG2002PLC039671)

FINANCIAL STATEMENTS

For the year ended
31 March 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
APTONLINE LIMITED

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of APTOnline Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, 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) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Other Matter

Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 11 April 2017 on the Ind AS financial statements of the Company for the year ended 31 March 2017.

Our opinion on the Ind AS financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 29 to the Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

   iv. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

For **B S R & Co. LLP**
Chartered Accountants Firm's Registration No: 101248W/W-100022

Balajirao Pothana
Partner
Membership No: 122632

Mumbai
13 April 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report the following:

(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 programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, all fixed assets were verified during the year by the management and no material discrepancies were noticed on such verification during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.

(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, the paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or securities to the parties covered under Section 185 and 186 of the Act during the year.

(v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the services rendered by 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, Income-tax, Sales tax, Service tax, Goods and Services tax, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of Customs and duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Services tax, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or Value added tax which have not been deposited by the Company on account of disputes, except for the following:

Name of the statute	Nature of the dues	Amount under dispute (Rs in lakhs)	Amount paid under protest (Rs in lakhs)	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh General Sales Tax Act, 1957	Sales tax	2.30	2.30	2002-03 to 2004-05	Appellate Tribunal, Hyderabad
Andhra Pradesh Value Added Tax, 2005	VAT (including penalty)	16.46	11.49	2005-06 to 2011-12	Appellate Tribunal, Hyderabad

(viii) According to the information and explanations given to us, the Company did not have any loans or borrowings from any financial institution, bank or government or any outstanding debentures during the year.

(ix) In our opinion and according to the information and explanations given to us, 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 to the Company.

(x) To the best of our knowledge 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 course of our audit.

(xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all 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 Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation 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 to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Balajirao Pothana
Partner
Membership No:122632

Mumbai
13 April 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of APTOnline Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Balajirao Pothana
Partner
Membership No:122632

Mumbai
13 April 2018

Balance Sheet

(₹ lakhs)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	**443.49**	897.93
(b) Intangible assets	4	**7.38**	17.34
(c) Income-tax assets (net)		**502.71**	536.49
(d) Deferred tax assets (net)	15	**112.10**	-
(e) Other non-current assets	11(A)	**6.77**	-
Total non-current assets		**1,072.45**	1,451.76
Current assets			
(a) Inventories	5	**29.87**	26.02
(b) Financial assets			
(i) Investments	6	**1,502.11**	4,500.93
(ii) Trade receivables	7	**6,774.35**	9,590.24
(iii) Unbilled revenue		**166.60**	76.88
(iv) Cash and cash equivalents	8	**5,376.69**	2,904.12
(v) Loans	9	**1,208.28**	8.12
(vi) Other financial assets	10	**424.40**	278.97
(c) Other current assets	11(B)	**341.94**	230.72
Total current assets		**15,824.24**	17,616.00
TOTAL ASSETS		**16,896.69**	19,067.76
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	12	**177.00**	177.00
(b) Other equity	13	**7,594.91**	6,397.12
Total Equity		**7,771.91**	6,574.12
Non-current liabilities			
(a) Deferred tax liabilities	15	**-**	86.20
(b) Employee benefit obligations	14(A)	**-**	23.37
Total non-current liabilities			109.57
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	16	**3,746.25**	6,197.26
(ii) Other financial liabilities	17	**4,247.06**	5,292.47
(b) Unearned and deferred revenue		**148.12**	135.54
(c) Employee benefit obligations	14(B)	**66.06**	49.19
(d Income-tax liabilities(net)	28	**79.01**	70.90
(e) Other current liabilities	18	**838.28**	638.71
Total current liabilities		**9,124.78**	12,384.07
TOTAL EQUITY AND LIABILITIES		**16,896.69**	19,067.76
NOTES FORMING PART OF THE FINANCIALS STATEMENTS	1-38		

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number : 101248W/W-100022

Balajirao Pothana
Partner
Membership number : 122632

Place: Mumbai
Date: April 13, 2018

For and on behalf of the Board of Directors of APTOnline Limited

Ajoyendra Mukherjee
Director
DIN:00350269

V.Rajanna
Director
DIN:01280277

Statement of Profit and Loss

(₹ lakhs)

	Note	Year ended March 31, 2018	Year ended March 31, 2017
I. Revenue from operations	19	**14,362.00**	14,648.59
II. Other income	20	**349.03**	225.27
III. TOTAL REVENUE		**14,711.03**	14,873.86
IV. Expenses			
(a) Direct costs	21	**7,293.83**	7,758.57
(b) Purchases of stock-in-trade	22	**441.31**	414.90
(c) Changes in inventories of stock-in-trade	23	**(3.85)**	11.36
(d) Employee benefit expenses	24	**1,926.33**	1,704.10
(e) Finance costs	25	**16.44**	0.04
(f) Depreciation and amortisation	3&4	**552.95**	791.12
(g) Other expenses	26	**818.14**	1,038.80
TOTAL EXPENSES		**11,045.15**	11,718.89
V. PROFIT BEFORE TAX		**3,665.88**	3,154.97
VI. Tax expense:			
(a) Current tax	28	**1,458.89**	1,265.92
(b) Deferred tax	28	**(200.27)**	(152.89)
Total expense		**1,258.61**	1,113.03
VII. PROFIT FOR THE YEAR		**2,407.26**	2,041.94
VIII. OTHER COMPREHESIVE INCOME/(LOSS)			
(A) (i) Items that will not be reclassified subsequently to profit or loss:			
(a) Remeasurement of defined employee benefit plans		**6.77**	(8.79)
(ii) Income-tax on items that will not be reclassified subsequently to profit or loss:		**(1.97)**	3.04
TOTAL OTHER COMPEHENSIVE INCOME/ (LOSS) NET OF TAXES		**4.80**	(5.75)
IX. TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,412.06**	2,036.19
X. Earnings per equity share :- Basic and diluted (₹)	27	**136.00**	115.36
Face value per equity share (₹) 10 each			
XI. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-38			

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number : 101248W/W-100022

Balajirao Pothana
Partner
Membership number : 122632

Place: Mumbai
Date: April 13, 2018

For and on behalf of the Board of Directors of APTOnline Limited

Ajoyendra Mukherjee
Director
DIN:00350269

V.Rajanna
Director
DIN:01280277

Statement of Cash Flows

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
I. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**3,665.88**	3,154.97
Adjustments to reconcile profit and loss to net cash provided by operating activities:		
Depreciation and amortisation	**552.94**	791.12
Net Gain on sale of investments carried at fair value through profit and loss	**(335.99)**	(223.52)
(Gain) on disposal of property, plant and equipment	**(2.23)**	(1.75)
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	**279.79**	72.84
Interest income on fixed deposits and intercorporate deposits	**(10.81)**	-
Operating profit before working capital changes	**4,149.58**	3,793.66
Net Change in:		
Trade receivables	**2,536.08**	(357.26)
Unbilled revenue	**(89.72)**	45.49
Loans	**(118.15)**	75.85
Other financial assets	**(135.69)**	(256.03)
Inventories	**(3.84)**	11.36
Trade payables	**(2,451.00)**	2,453.71
Employee benefit obligations	**0.28**	(5.19)
Other liabilities	**(833.25)**	(197.67)
Cash generated from operations	**3,054.29**	5,563.92
Taxes paid (net of refunds)	**(1,417.00)**	(1,457.18)
Net cash provided by operating activities	**1,637.29**	4,106.74
II. CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire financial assets	**(22,000.00)**	(19,400.00)
Proceeds from redemption of investments carried at fair value through profit	**25,334.80**	18,126.36
Inter-corporate deposits placed	**(1,200.00)**	-
Interest Received on Deposits	**1.08**	-
Payment for Purchase of property, plant and equipment	**(81.70)**	(14.52)
Purchase of intangible assets	**(6.88)**	(20.29)
Proceeds from disposal of property, plant and equipment	**2.27**	2.94
Net cash used in investing activities	**2,049.57**	(1,305.51)
III. CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid (including tax on dividend)	**(1,214.29)**	(2,130.33)
Net cash used in financing activities	**(1,214.29)**	(2,130.33)
Net change in cash and cash equivalents	**2,472.57**	670.90
Cash and cash equivalents at the beginning of the year	**2,904.12**	2,233.22
Cash and cash equivalents at the end of the year (refer Note 8)	**5,376.69**	2,904.12
Notes:		
(a) The above Cash Flow Statement has been prepared under the "Indirect Method" as setout in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.		
(b) Cash and Cash Equivalents comprises of		
Balance with Banks		
- Current Accounts	**2,876.69**	2,904.12
- Deposit with Bank with maturity less than 3 months	**2,500.00**	-
Cash and cash equivalents in Cash Flow Statement	**5,376.69**	2,904.12
IV. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-38		

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number : 101248W/W-100022

Balajirao Pothana
Partner
Membership number : 122632

Place: Mumbai
Date: April 13, 2018

For and on behalf of the Board of Directors of APTOnline Limited

Ajoyendra Mukherjee
Director
DIN:00350269

V.Rajanna
Director
DIN:01280277

Statement of Changes in Equity

A) EQUITY SHARE CAPITAL

(₹ lakhs)

Balance as at April 1, 2016	Change in equity share capital during the year	Balance as at March 31, 2017
177	-	177

(₹ lakhs)

Balance as at April 1, 2017	**Change in equity share capital during the year**	**Balance as at March 31, 2018**
177	**-**	**177**

B) OTHER EQUITY

(₹ lakhs)

	General reserve	Capital redemption reserve	Retained earnings	Total Equity
Balance as at April 1, 2016	566.93	280.00	5,644.34	6,491.27
Profit for the year	-	-	2,041.93	2,041.93
Other comprehensive income	-	-	(5.75)	(5.75)
Total comprehensive income	566.93	280.00	7,680.52	8,527.45
Dividend (including tax on dividend)	-	-	(2,130.33)	(2,130.33)
Balance as at March 31, 2017	566.93	280.00	5,550.19	6,397.12
Balance as at April 1, 2017	**566.93**	**280.00**	**5,550.19**	**6,397.12**
Profit for the year	**-**	**-**	**2,407.28**	**2,407.28**
Other comprehensive income	**-**	**-**	**4.80**	**4.80**
Total comprehensive income	**566.93**	**280.00**	**7,962.27**	**8,809.20**
Dividend (including tax on dividend)	**-**	**-**	**(1,214.29)**	**(1,214.29)**
Balance as at March 31, 2018	566.93	280.00	6,747.98	7,594.91

C) NOTES FORMING PART OF THE FINANCIALS STATEMENTS 1-38

As per our report of even date attached.

For and on behalf of the Board of Directors of APTOnline Limited

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number : 101248W/W-100022

Balajirao Pothana
Partner
Membership number : 122632

Ajoyendra Mukherjee
Director
DIN:00350269

V.Rajanna
Director
DIN:01280277

Place: Mumbai
Date: April 13, 2018

Notes forming part of the Financial Statements

1. CORPORATE INFORMATION

APTOnline Limited ("formerly APOnline Limited") was incorporated on September 25, 2002 and is jointly promoted by Tata Consultancy Services Limited (TCS) and Andhra Pradesh Technology Services Limited (APTS), a corporation wholly owned by the Government of Andhra Pradesh (GOAP). The Company carries on the business of development, maintenance and management of the APONLINE portal for providing web-based services by Government to citizen, Government to business and other portfolio services of Government.

The state of Telangana was carved out of the State of Andhra Pradesh, pursuant to Andhra Pradesh Reorganisation Act, 2014. Presently, the Company continues to serve both the states of Telangana and Andhra Pradesh.

The Company is unlisted public limited company incorporated and domiciled in India. The address of its registered office is Kohinoor e-Park, Plot no.1, Jubilee Gardens, Cyberabad, and Hyderabad-500084.

The name of the Company has been changed from APOnline Limited to APTOnline Limited with effect from April 2, 2016

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on April 13, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 and Companies (Indian Accounting Standards) amendment rules, 2016 and other relevant provisions of the act.

b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments, defined benefit assets and liabilities that have been disclosed at fair values at the end of each reporting period, as explained in the accounting policies below.

c) Use of estimates and judgments

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

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

Key source 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, is in respect of useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities.

Fair value measurement of financial instruments

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

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2 (f).

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions

A provision is recognised when the Company has a present obligation as a result of past event and it is probable than 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 and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Defined benefit plan

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. 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.

d) Revenue recognition

Information Technology and Consultancy Services

Service charges on collection of utility bills on behalf of government departments/private parties have been recognised in the books on accrual basis on execution of the collection transaction.

Software development, Data Center Maintenance and web hosting charges and Ion services have been recognised on the basis of invoices raised for services rendered. The unearned web hosting charges and franchisee fees are carried forward to the next financial year.

Service charges on wage disbursement on behalf of government departments have been recognised in the books on accrual basis on disbursements.

Service charge for technical support has been recognized on accrual basis on the basis of deployment of personnel.

Service of equipment and Software licenses

Sale of equipment's, stationery and software licenses are recognised on transfer of risk and rewards less applicable taxes and duties.

All revenues are recognised only when collectability of the resulting receivable is reasonably assured, and are reported net of discounts, indirect and Service taxes.

Unbilled Revenue

Unbilled revenue represents value of work executed billed subsequent to the Balance Sheet date and is valued at contract price.

e) Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the company are broadly categorised in direct costs, employee benefit expenses, purchases of stock-in-trade and depreciation and amortisation and other expenses. Direct costs include service charges and manpower supply. Employee costs include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other expenses majorly include Lease rentals, Facility charges, travelling and conveyance, Legal and professional fees, internet connectivity charges, allowances for doubtful trade receivables and miscellaneous expenses.

f) Income taxes

Income-tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and 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.

Notes forming part of the Financial Statements

Current income taxes

The current income-tax expense includes income taxes payable by the Company.

Advance taxes and provisions for current income taxes are presented in the balance sheet after offsetting advance tax paid and income-tax provision pertaining to the same assessment year.

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.

The carrying amount of deferred income tax assets and labilities are reviewed at each reporting date and are reduced or increased as the case may be.

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 if there is a legally enforceable right to offset current tax labilities and assets and the Company can settle current tax labilities and assets on a net basis or there tax assets and labilities will be realised simultaneously.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

g) 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.

Cash and cash equivalents

Cash and cash equivalents 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.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost 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 through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or 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 or loss are immediately recognised in statement of profit and loss.

Financial Liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

h) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Cost of an item of property, plant and equipment comprises of its purchase price including non-refundable taxes, after deducting trade discount and any directly attributable cost of bringing the item to its working condition for its intended use.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost over their estimated useful lives. The estimated useful lives (based on evaluation), residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Asset	Useful life
Computer equipment	4 years
Vehicles	4 years
Office equipment	5 years
Furniture and fixtures	5 years

i) Intangible assets: Intangible assets are measured at cost less accumulated amortisation. Intangible assets are amortised over their estimated useful life on straight line method as follows:

Asset	Useful life
Computer software	2 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

j) Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences.

Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme is considered as defined contribution plan and is charged as an expense based on the amount of contribution required to be made and when the employees entitling them to such benefits render services.

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 the date of each balance sheet date. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

Notes forming part of the Financial Statements

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

Compensated absences

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 recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

Other short-term employee benefits

Other short-term employee benefits, including 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.

k) Inventories

Inventories are valued at the lower of cost on First In Fist Out (FIFO) basis and the net realisable value after providing for obsolescence and other losses, where considered necessary.

l) Leases – operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on a straight- line basis, over the lease term, unless the lease agreement explicitly states that increase is on account of inflation.

m) Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.

n) Impairment

i) Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction using a practical expedient. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii) Non-financial assets

Property, plant and equipment and intangible assets with finite life are reviewed at each reporting date to determine whether there is any indication of impairment. 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.

Notes forming part of the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

(₹ lakhs)

Description	Computer equipment	Vehicles	Office equipment	Furniture and fixtures	Total
2017-18					
Cost as at April 1, 2017	**4,296.75**	**29.39**	**0.70**	**0.15**	**4,326.99**
Additions	**61.64**	**20.06**	**-**	**-**	**81.70**
Disposals	**(0.36)**	**(13.98)**	**-**	**-**	**(14.34)**
Gross block as at March 31, 2018	**4,358.03**	**35.47**	**0.70**	**0.15**	**4,394.35**
Accumulated depreciation as at April 1, 2017	**(3,408.08)**	**(20.13)**	**(0.70)**	**(0.15)**	**(3,429.06)**
Depreciation for the year	**(531.70)**	**(4.40)**	**-**	**-**	**(536.10)**
On disposals	**0.32**	**13.98**	**-**	**-**	**14.30**
Accumulated depreciation as at March 31, 2018	**(3,939.46)**	**(10.55)**	**(0.70)**	**(0.15)**	**(3,950.86)**
Net carrying amount as at March 31, 2018	**418.57**	**24.92**	**-**	**-**	**443.49**
2016-17					
Cost as at April 1, 2016	4,222.53	21.78	0.70	0.15	4,245.16
Additions	76.56	7.61	-	-	84.17
Disposals	(2.34)	-	-	-	(2.34)
Gross block as at March 31, 2017	4,296.75	29.39	0.70	0.15	4,326.99
Accumulated depreciation as at April 1, 2016	(2,656.21)	(16.20)	(0.69)	(0.15)	(2,673.25)
Depreciation for the year	(753.03)	(3.93)	(0.01)	-	(756.97)
On disposals	1.16	-	-	-	1.16
Accumulated depreciation as at March 31, 2017	(3,408.08)	(20.13)	(0.70)	(0.15)	(3,429.06)
Net carrying amount as at March 31, 2017	888.67	9.26	-	-	897.93

4. INTANGIBLE ASSETS

Intangible assets consists of the following:

(₹ lakhs)

Description	Computer Software	Total
Cost as at April 1, 2017	**171.34**	**171.34**
Additions	**6.88**	**6.88**
Deletions	**-**	**-**
Gross block as at March 31, 2018	**178.22**	**178.22**
Accumulated amortisation as at April 1, 2017	**(154.00)**	**(154.00)**
Amortisation for the year	**(16.84)**	**(16.84)**
On deletions	**-**	**-**
Accumulated amortisation as at March 31, 2018	**(170.84)**	**(170.84)**
Net carrying amount as at March 31, 2018	**7.38**	**7.38**
Cost as at April 1, 2016	151.05	151.05
Additions	20.29	20.29
Deletions	-	-
Gross block as at March 31, 2017	171.34	171.34
Accumulated amortisation as at April 1, 2016	(119.85)	(119.85)
Amortisation for the year	(34.15)	(34.15)
On deletions	-	-
Accumulated amortisation as at March 31, 2017	(154.00)	(154.00)
Net carrying amount as at March 31, 2017	17.34	17.34

Notes forming part of the Financial Statements

5. INVENTORIES

Inventories consists of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Hardware, stationery, etc.	**29.87**	26.02
	29.87	26.02

Inventories are carried at lower of cost and net realisable value

6. INVESTMENTS

(₹ lakhs)

	As at March 31, 2018		As at March 31, 2017	
	Quantity	**₹**	Quantity	₹
Current				
Investment carried at fair value through profit and Loss				
Mutual funds (unquoted)				
Tata liquid fund direct plan - growth	**-**	**-**	110,047.00	3,300.93
UTI-Liquid Cash Plan-Institutional-Direct Plan-Growth	**-**	**-**	48,357.00	1,200.00
Tata money market fund direct plan - growth	**2,738.37**	**1,502.11**	-	-
		1,502.11		4500.93

7. TRADE RECEIVABLES (UNSECURED)

Trade receivables consists of the following

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Current		
Considered good	**6,774.35**	9,590.24
Considered doubtful	**359.70**	220.68
Less: Allowance for doubtful receivables	**(359.70)**	(220.68)
	6,774.35	9,590.24

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Balances with banks		
- in current accounts	**2,876.69**	2,904.12
- In deposit accounts	**2,500.00**	-
	5,376.69	2,904.12

Notes forming part of the Financial Statements

9. LOANS

Loans consists of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Current		
Inter-corporate deposits	**1,200.00**	-
Loans and advances to employees	**8.28**	8.12
	1,208.28	8.12

10. OTHER FINANCIAL ASSETS

Other financial assets consists of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Current		
Security deposits	**42.94**	47.94
Other Advances	**371.73**	231.03
Accrued interest	**9.73**	-
	424.40	278.97

11. OTHER ASSETS

Other assets consists of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(A) Non Current		
Prepaid expenses	**6.77**	-
	6.77	-
(B) Current		
Considered good		
Prepaid expenses	**51.86**	63.40
Balance with LIC of India - Gratuity fund	**17.84**	-
Advance to suppliers	**1.13**	6.65
Indirect tax recoverable	**271.11**	160.67
Considered doubtful		
Advance to suppliers	**8.99**	8.99
Less: Allowance on doubtful assets	**(8.99)**	(8.99)
	341.94	230.72

Notes forming part of the Financial Statements

12. SHARE CAPITAL

The authorised, issued, subscribed and fully paid-up share capital comprises of equity shares having a par value of ₹ 10 each and redeemable preference shares of ₹ 10 each

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Authorised		
(i) Equity shares 30,00,000 of ₹ 10 each with voting rights (March 31, 2017: 30,00,000 equity shares of ₹ 10 each)	**300.00**	300.00
(ii) Redeemable preference shares of ₹ 10 each (March 31, 2017: 30,00,000 preference shares of ₹ 10 each)	**300.00**	300.00
	600.00	600.00
Issued, Subscribed and Fully paid-up		
17,70,000 equity shares of ₹ 10 each (March 31, 2017: 17,70,000 equity shares of ₹ 10 each)	**177.00**	177.00
	177.00	177.00
(a) Details of shares held by the holding company		
Tata Consultancy Services Limited	**1,575,300**	1,575,300
	1,575,300	1,575,300

(b) Details of shares held by share holders holding more than 5% of a class of shares

(₹ lakhs)

Name of shareholder	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Tata Consultancy Services Limited	**1,575,300**	**89**	1,575,300	89
Andhra Pradesh Technology Services Limited	**194,700**	**11**	194,700	11
Total	**1,770,000**	**100**	1,770,000	100

(c) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares	Amount in ₹ lakhs	Number of shares	Amount in ₹ lakhs
Equity shares				
Opening balance	**1,770,000**	**177.00**	1,770,000	177.00
Issued during the year	**-**	**-**	-	-
Closing balance	**1,770,000**	**177.00**	1,770,000	177.00

(d) Rights, preferences and restrictions attached to the equity shares

The Company has one class of equity shares having a face value of ₹ 10 each. Each holder of equity share is entitled to one vote per share held and carry a right to dividend. The dividend proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution all preferential amounts, in proportion to their share holding.

13. OTHER EQUITY

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Capital redemption reserve		
Opening balance	280.00	280.00
Movement	-	-
Closing balance	280.00	280.00
(b) General reserve		
Opening balance	566.93	566.93
Transfer from retained earnings	-	-
Closing balance	566.93	566.93
(c) Retained earnings		
(i) Opening balance	5,550.19	5,644.34
(ii) Profit for the year	2,407.28	2,041.93
(iii) Other comprehensive income arising from remeasurement of defined employee benefit plans, net of income tax	4.80	(5.75)
	7,962.27	7,680.52
Less: Appropriations		
(i) Dividend on equity shares	(1,008.90)	(1,770.00)
(ii) Tax on dividend	(205.39)	(360.33)
	6,747.98	5,550.19
	7,594.91	6,397.12

14. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations consists of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(A) Non-current		
Gratuity liability (refer Note 32(i))	-	6.23
Compensated absences (refer Note 32(ii))	-	17.14
	-	23.37
(B) Current		
Compensated absences (refer Note 32(ii))	66.06	49.19
	66.06	49.19

15. DEFERRED TAX BALANCES

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Deferred tax liabilities		
Employee benefits	5.19	-
Depreciation	46.46	193.52
Investment	0.62	0.32
	52.27	193.84
Deferred tax assets		
Provision for doubtful debts & Advances	102.12	79.49
Employee benefits	56.07	28.15
Others	6.18	-
	164.37	107.64
Net deferred tax liabilities/(assets)	(112.10)	86.20

Notes forming part of the Financial Statements

16. TRADE PAYABLES

Trade payables consists of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Dues of Micro and small enterprises (Refer Note 35)		
(b) Others	**3,746.25**	6,197.26
	3,746.25	6,197.26

17. OTHER FINANCIAL LIABILITIES

Other financial liabilities consists of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Current		
(a) Capital creditors	**-**	28.09
(b) Amount collected on behalf of *		
- Government departments	**3,029.35**	3,983.45
- Non-government departments	**35.37**	31.17
(c) Amount received from franchisees	**307.04**	332.80
(d) Security deposits received	**875.30**	916.96
	4,247.06	5,292.47

* Amount collected on behalf of government and non-government includes collection of utility bills, ration card charges, government taxes, etc.

18. OTHER LIABILITIES

Other liabilities consists of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Current		
(a) Advance received from customers	**349.48**	524.78
(b) Indirect tax payable and other statutory liabilities	**488.80**	113.93
	838.28	638.71

19. REVENUE FROM OPERATIONS

Revenue from operations consists of the following:

(₹ lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
A) Information technology and consultancy services		
(a) Transaction revenue	**3,927.32**	4,687.46
(b) Wage disbursement (refer Note 34)	**1,192.37**	3,725.32
(c) Software development services and maintenance	**3,203.93**	2,730.06
(d) Man power supply	**886.57**	675.42
(e) Data centre establishment and maintenance	**332.59**	287.57
(f) Franchisee fees	**277.12**	246.56
(g) ION Services	**3,559.57**	1,407.49
(h) Aadhaar authentication	**367.18**	218.76
(i) Others	**127.28**	113.42
	13,873.93	14,092.06

Notes forming part of the Financial Statements

(₹ lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
REVENUE FROM OPERATIONS *Continued*		
B) Sale of products		
(a) Hardware	**40.04**	164.93
(b) Software	**103.80**	117.67
(c) Stationery	**344.09**	270.48
	487.93	553.08
C) Other operating income	**0.15**	3.45
	0.15	3.45
	14,362.01	14,648.59

20. OTHER INCOME

Other income consists of the following:

(₹ lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Gain on sale of investments carried at fair value through profit and loss	**335.99**	223.52
(b) Interest income on fixed deposits and inter-corporate deposits	**10.81**	-
(c) Gain on disposal of property, plant and equipment	**2.23**	1.75
	349.03	225.27

21. DIRECT COSTS

Direct costs consists of the following:

(₹ lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Service charges - service delivery points	**5,618.96**	6,183.04
(b) Man power supply	**1,674.87**	1,575.53
	7,293.83	7,758.57

22. PURCHASE OF STOCK-IN-TRADE

Purchase of stock-in-trade consists of the following:

(₹ lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Hardware	**60.26**	121.65
(b) Software	**86.81**	90.22
(C) Stationery	**294.26**	203.03
	441.33	414.90

Notes forming part of the Financial Statements

23. CHANGES IN INVENTORIES OF STOCK-IN-TRADE

(₹ lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the end of the year:		
Stock-in-trade		
(a) Hardware, stationery, etc.	**29.87**	26.02
	29.87	26.02
Inventories at the beginning of the year:		
Stock-in-trade		
(a) Hardware, stationery, etc.	**26.03**	37.38
	26.03	37.38
Net (increase) / decrease	**(3.84)**	11.36

24. EMPLOYEE BENEFIT EXPENSES

Employee benefit expense consists of the following:

(₹ lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Salaries, incentives and allowances	**1,775.28**	1,572.95
(b) Contributions to provident and other funds	**77.39**	75.94
(c) Contributions to ESIC	**12.98**	8.83
(d) Staff welfare expenses	**60.67**	46.38
	1,926.32	1,704.10

25. FINANCE COSTS

Finance costs consists of the following:

(₹ lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest on payment of income-tax	**16.44**	0.04
	16.44	0.04

26. OTHER OPERATING EXPENSES

Other operating expenses consists of the following:

(₹ lakhs)

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
(a) Consumables	**0.93**	0.59
(b) Lease rentals (refer Note 36)	**40.49**	39.50
(c) Facility charges	**45.60**	40.23
(d) Repairs and maintenance - Others	**19.35**	18.44
(e) Rates and taxes	**32.39**	24.92
(f) Internet connectivity charges	**88.03**	87.32
(g) Travelling and conveyance	**37.25**	31.69

Notes forming part of the Financial Statements

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
OTHER OPERATING EXPENSES *Continued*		
(h) Printing and stationery	**42.29**	41.40
(i) Business promotion expenses	**10.94**	3.21
(j) Legal and professional fees	**63.59**	56.48
(k) Corporate Social Responsibility (Refer Note 37)	**75.73**	67.52
(l) Payments to auditors (Refer Note below)	**4.10**	5.50
(m) Software maintenance charges	**8.66**	7.84
(n) Impairment loss allowance on trade receivables and advances	**139.01**	72.84
(o) Contractual compensation (refer Note 34)	**140.78**	489.66
(p) Miscellaneous expenses	**69.00**	56.66
	818.14	1,038.80
Note		
Payments to auditors comprises (net of service tax):		
As auditors - statutory audit	**4.10**	5.00
For taxation matters	**-**	0.50
	4.10	5.50

27. EARNINGS PER SHARE (EPS)

(₹ lakhs)

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Profit for the year	**2,407.27**	2,041.93
Amount available for equity shareholders	**2,407.27**	2,041.93
Weighted average number equity shares	**1,770,000**	1,770,000
Total weighted average number of equity shares	**1,770,000**	1,770,000
Earning per share basic and diluted (₹)	**136.00**	115.36
Face value per equity share (₹)	**10.00**	10.00

28. INCOME TAX EXPENSE

The major component of income-tax expense for the year are as under :

(₹ lakhs)

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
(i) Income tax recognised in the Statement of Profit and Loss		
Current Tax:		
In respect of current year	**1,458.89**	1,265.92
Adjustments in respect of prior years	**-**	-
Deferred Tax:		
In respect of current year	**(200.27)**	(152.89)
Income tax recognised in the Statement of Profit and Loss	**1,258.62**	1,113.03
(ii) Income tax expense recognised in Other Comprehensive Income (OCI)		
Deferred tax on remeasurement of defined employee benefit plans	**(1.97)**	3.04
Total income tax expense recognised	**(1.97)**	3.04

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

Notes forming part of the Financial Statements

(₹ lakhs)

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Profit before tax	**3,665.88**	3,154.97
Indian Statutory income tax rate	**34.608%**	34.608%
Expected Income tax expense	**1,268.69**	1,091.87
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Tax pertaining to prior years	**(41.12)**	-
Disallowance U/s 37		
1) CSR Expenses	**13.10**	23.37
2) Interest on delayed payment of tax	**5.69**	0.02
3) Others (net)	**12.26**	(2.23)
Tax expense as per the Statement of Profit and Loss	**1,258.62**	1,113.03

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

(₹ lakhs)

	Opening balance	Recognised / reversed through profit or loss	Recognised /Reversed through other comprehensive income	Closing balance
Deferred tax assets / (liabilities) in relation to:				
Property, plant and equipment	**(193.52)**	**147.05**	**-**	**(46.47)**
Provision for Employee Benefits	**28.15**	**22.73**	**(1.97)**	**48.91**
Provision for doubtful debts	**79.49**	**22.64**	**-**	**102.13**
Others	**(0.32)**	**7.85**	**-**	**7.53**
Net deferred tax assets / (liabilities)	**(86.20)**	**200.27**	**(1.97)**	**112.10**

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

(₹ lakhs)

	Opening balance	Recognised / reversed through profit or loss	Recognised / Reversed through other comprehensive income	Closing balance
Deferred tax assets / (liabilities) in relation to:				
Property, plant and equipment	(318.97)	125.45	-	(193.52)
Provision for Employee Benefits	23.86	1.25	3.04	28.15
Provision for doubtful receivables	54.28	25.21	-	79.49
Others	(1.30)	0.98	-	(0.32)
Net deferred tax assets / (liabilities)	(242.13)	152.89	3.04	(86.20)

29. CONTINGENT LIABILITIES

(₹ lakhs)

	As at March 31,2018	As at March 31, 2017
Income tax demands(see (b) below)		
(i) Claims against the Company not acknowledged as debt - disputed sales tax liability	**18.76**	29.85
(ii) Estimated amount of contracts remaining to be executed on capital account	**23.61**	-

30. FINANCIAL INSTRUMENTS

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(g) to the financial statements

(a) Financial assets & liabilities

The carrying value of financial instruments by categories as of March 31, 2018 is as follows:

(₹ lakhs)

	Fair value through profit or loss	Amortised cost	Total carrying value
Financial assets:			
Cash and cash equivalents	**-**	**5,376.69**	**5,376.69**
Trade receivables	**-**	**6,774.35**	**6,774.35**
Investments	**1,502.11**	**-**	**1,502.11**
Unbilled revenue	**-**	**166.60**	**166.60**
Loans	**-**	**1,208.28**	**1,208.28**
Other financial assets	**-**	**424.40**	**424.40**
Total	**1,502.11**	**13,950.32**	**15,452.43**
Financial liabilities:			
Trade payables	**-**	**3,746.25**	**3,746.25**
Other financial liabilities	**-**	**4,247.06**	**4,247.06**
Total	**-**	**7,993.31**	**7,993.31**

The carrying value of financial instruments by categories as of March 31, 2017 is as follows:

(₹ lakhs)

	Fair value through profit or loss	Amortised cost	Total carrying value
Financial assets:			
Cash and cash equivalents	-	2,904.12	2,904.12
Trade receivables	-	9,590.24	9,590.24
Investments	4,500.93	-	4,500.93
Unbilled revenue	-	76.88	76.88
Loans	-	8.12	8.12
Other financial assets	-	278.97	278.97
Total	4,500.93	12,858.33	17,359.26
Financial liabilities:			
Trade payables	-	6,197.26	6,197.26
Other financial liabilities	-	5,292.47	5,292.47
Total	-	11,489.73	11,489.73

Notes forming part of the Financial Statements

(b) Fair value hierarchy

Table summarizes financial assets and liabilities measured at fair value on a recurring basis

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarisesfinancial assets measured at fair value on arecurring basis

(₹ lakhs)

As of March 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets:				
Investment in unquoted mutual fund units	**1,502.11**	**-**	**-**	**1,502.11**
Total	**1,502.11**	**-**	**-**	**1,502.11**

(₹ lakhs)

As of March 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets:				
Mutual fund	4,500.93	-	-	4,500.93
Total	4,500.93	-	-	4,500.93

(c) Financial risk management

The Company is exposed primarily to credit, liquidity and price risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

i) 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.

a) Interest rate risk

The Company investments are primarily in fixed rate interest bearing investments. Hence the company is not significantly exposed to interest rate risk.

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 including inter corporate deposits and other financial assets. Corporate deposits of ₹ 1,200 Lakhs as of March 31,2018, are with a financial institution having a high credit-rating assigned by credit-rating agencies. None of the other financial instruments of the Company result in material concentration of credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 15452.43 Lakhs and ₹ 17,359.26 Lakhs as on March 31, 2018 and 2017, respectively, being the total of the carrying amount of investment in mutual funds, balances with banks, trade receivables, unbilled revenue, loans and other financial assets.

The Company exposure to customers is diversified. Apart from Rural Development Department for state of Telangana and state of Andhra Pradesh Rs.1145.50 lakhs and APPSC Rs.812.58 lakhs and Department of post-Telangana Rs.1243.64 lakhs, no other customer contributes to more than 10% of outstanding accounts receivable and unbilled revenue as of March 31, 2018 and 2017.

Geographic concentration of credit risk

The Company has a geographic concentration of trade receivables, net of allowances and unbilled revenue in India.

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 consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(₹ lakhs)

	Due in 1st Year	Due in 2nd Year	Due in 3rd Year	Due in 4th Year	Due in 5th Year	Total
March 31, 2018						
Trade payables	3,746.25		-	-	-	3,746.25
Other financial liabilities	4,247.06		-	-	-	4,247.06
Total	7,993.31		-	-	-	7,993.31

(₹ lakhs)

	Due in 1st Year	Due in 2nd Year	Due in 3rd Year	Due in 4th Year	Due in 5th Year	Total
March 31, 2017						
Trade payables	6,197.26	-	-	-	-	6,197.26
Other financial liabilities	5,292.47	-	-	-	-	5,292.47
Total	11,489.73	-	-	-	-	11,489.73

iv) Other price risks

The fair value of investment in mutual funds is ₹ 1,502.11 Lakhs and ₹ 4,500.93 Lakhs as on March 31, 2018 and March 31, 2017 respectively.The Company is exposed to price risks arising from investment in mutual funds. The investments are made in acceptable funds, while optimizing the returns.

31. RELATED PARTY DISCLOSURE

Ultimate Holding Company
Tata Sons Limited

Holding Company
Tata Consultancy Services Limited

Significant Share holder
Andhra Pradesh Technology Services Limited (APTS)

Key Management Personnel (KMP)
Mr. Satish Kumar Elaprolu w.e.f Sep 02, 2015

Notes forming part of the Financial Statements

Fellow Subsidiaries with whom the Company has transactions

C-Edge Technologies
Tata AIA Life Insurance Co Ltd
Tata Tele Services Ltd
TCS Foundation

Note: Details of related parties as identified by the management

(₹ lakhs)

Transaction with related parties for the Year ended March 31, 2018	**Tata Consultancy Services**	**C-Edge Technologies**	**Tata AIA Life Insurance Co Ltd**	**Tata Tele Services Ltd**	**TCS Foundation**	**Total**
Revenue from sale of services and licences	**601.53**	**-**	**0.06**	**3.69**	**-**	**605.28**
Other income	**-**	**0.15**	**-**	**-**	**-**	**0.15**
Purchases of goods and services (including reimbursement)	**3,429.76**	**-**	**-**	**2.88**	**-**	**3,432.64**
Dividend paid	**897.92**	**-**	**-**	**-**	**-**	**897.92**
Allowances / (write back) for doubtful accounts	**-**	**-**	**-**	**-**	**-**	**-**
receivables and a Rent expense	**18.63**	**-**	**-**	**-**	**-**	**18.63**
Corporate social responsibility	**-**	**-**	**-**	**-**	**44.17**	**44.17**

Note : This includes remuneration of ₹ 51 Lakhs paid to Key Management Personnel.

(₹ lakhs)

Transaction with related parties for the Year ended March 31, 2017	Tata Consultancy Services	C-Edge Technologies	Tata AIA Life Insurance Co Ltd	Tata Tele Services Ltd	TCS Foundation	Total
Revenue from sale of services and licences	515.45	-	0.13	6.16	-	521.74
Other income	-	0.26	-	-	-	0.26
Purchases of goods and services (including reimbursement)	1,638.97	-	-	11.39	-	1,650.36
Dividend paid	1,575.30	-	-	-	-	1,575.30
Rent expense	18.75	-	-	-	-	18.75
Corporate social responsibility	-	-	-	-	67.52	67.52

Note : This includes remuneration of ₹ 48.50 Lakhs paid to Key Management Personnel.

(₹ lakhs)

Balances with related parties as at March 31, 2018	**Tata Consultancy Services**	**C-Edge Technologies**	**Tata AIA Life Insurance Co Ltd**	**Tata Tele Services Ltd**	**TCS Foundation**	**Total**
Trade receivables and unbilled revenue (net)	**225.71**	**-**	**0.05**	**-**	**-**	**225.76**

Balances with related parties as at March 31, 2017	Tata Consultancy Services	C-Edge Technologies	Tata AIA Life Insurance Co Ltd	Tata Tele Services Ltd	TCS Foundation	Total
Trade receivables and unbilled revenue (net)	179.79	0.08	0.01	-	-	179.88

Balances with related parties as at March 31, 2018	**Tata Consultancy Services**	**C-Edge Technologies**	**Tata AIA Life Insurance Co Ltd**	**Tata Tele Services Ltd**	**TCS Foundation**	**Total**
Trade payables	**1,237.89**	**-**	**0.43**	**0.28**	**-**	**1,238.60**

Balances with related parties as at March 31, 2017	Tata Consultancy Services	C-Edge Technologies	Tata AIA Life Insurance Co Ltd	Tata Tele Services Ltd	TCS Foundation	Total
Trade payables	1,542.81	10.00	0.34	0.90	-	1,554.05

32. DEFINED BENEFIT PLANS

The Company offers its employees defined benefit plans in the form of a gratuity scheme.

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements.

The estimate of future salary increase considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

(₹ lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Change in defined benefit obligations ("DBO") during the year		
Present value of DBO at beginning of the year	80.18	55.45
Current service cost	15.84	12.29
Interest cost	5.41	4.30
Benefit Paid during the Year	(1.62)	(3.69)
Actuarial losses	(6.19)	11.82
Present value of DBO at the end of the years	93.62	80.17
Change in fair value of assets during the year		
Plan assets at beginning of the year	73.95	32.57
Expected return on plan assets	5.58	5.55
Actual company contributions	33.55	39.50
Actuarial (loss)	-	-
Benefits paid	(1.62)	(3.68)
Fair value of plan assets at the end of the year	111.46	73.94

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Funded status:		
Surplus of plan assets over obligations	17.84	(6.23)
Category of assets:		
Insurance managed funds	111.46	73.94

Net periodic gratuity cost included in employee cost consists of the following components: (₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Components of expense		
Current service cost	15.84	12.29
Net interest on net defined benefit liability / (asset)	0.42	1.77
Net periodic gratuity cost	16.26	14.06
Actual return on plan assets	0.59	3.03

Remeasurement of the net defined benefit liability/(asset):

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Actuarial (gains) and losses arising from changes in demographic assumptions.	3.72	2.06
Actuarial (gains) and losses arising from changes in financial assumptions.	(19.59)	0.01
Actuarial (gains) and losses arising from changes in experience adjustments.	9.68	9.74
Remeasurement of the net defined benefit liability	(6.19)	11.81
Remeasurement - return on plan assets excluding amount included in interest income	(0.58)	(3.02)
Total	(6.77)	8.79

Notes forming part of the Financial Statements

The assumptions used in according for the defined benefit plan are set out below:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Actuarial assumptions		
Discount rate	**7.75%**	6.75%
Salary escalation rate	**6.00%**	7.00%
Attrition rate		
i) If Services < = 5 years	**20.47%**	26.71%
ii) If Services > 5 years	**7.30%**	9.20%
Mortality Rate	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)

The Company is expected to contribute ₹ 15.42 lakhs to the defined benefit plan obligation for the year ending March 31, 2019.

Remeasurement loss of defined employee benefit plan in other comprehensive income for the fiscals 2018 and 2017 are ₹ (6.77) lakhs and ₹ 8.79 lakhs respectively.

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 by 0.50%, the defined benefit obligations would decrease by ₹ 3.98 lakhs as of March 31, 2018 and a corresponding decrease of 0.5% will result in increase of ₹ 4.31 lakhs.

If the salary escalation rate increases by 0.50%, the defined benefit obligations would increase by ₹ 4.36 lakhs as of March 31, 2018 and a corresponding decrease of 0.5% will result in decrease of ₹ 4.06 lakhs.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance sheet.

Each year an Asset - Liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and contribution policies are integrated within this study.

The defined benefit obligations shall mature after year ended March 31, 2018 as follows:

(₹ lakhs)

Year ending March 31,	**Defined benefit obligations**
2019	6.69
2020	7.04
2021	7.75
2022	7.95
2023	7.92
Thereafter	39.95

Defined contribution plans

The Company makes contribution towards provident fund for qualifying employees. Under the plans, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 77.39 lakhs and ₹ 75.94 lakhs towards contribution provident fund and family pension fund in fiscals 2018 and 2017 respectively. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

33. SEGMENT INFORMATION

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 for assessing the Company's performance and allocating the resources based on an analysis of various performance indicators by business segments and geographic segments.

The Company is mainly engaged in the business of providing IT enabled services to various departments of Govt. of Andhra Pradesh and Govt. of Telangana which constitute a single business segment. These activities are conducted only in one geographic segment viz India. Therefore, the disclosure requirements of the Ind AS 108 "Segment Reporting" are not applicable.

34. DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. The Company has not received any memorandum (as required to be filed by the suppliers with notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) from vendor claiming the status as micro or small enterprises, hence no disclosures have been made.

35. LEASES

Details of leasing arrangements - as lessee

The Company has entered into operating lease arrangements. The lease agreements are cancellable and are for a period of 1- 9 years.

(₹ lakhs)

Particulars	As at March 31,2018	As at March 31,2017
Lease payments recognised in the statement of profit and loss	**40.43**	39.50

36. CORPORATE SOCIAL RESPONSIBILITY

The Company has contributed an amount of ₹ 44.16 Lakhs to TCS Foundation and ₹ 31.56 Lakhs to Rotary Club of Banjara Hills (2016-17 - ₹ 67.52 Lakhs) towards Corporate Social Responsibility.

A. Gross amount required to be spent by the Company during the year 2017-18 Rs 75,72,957

B. Amount spent during the year on :

(₹ lakhs)

Particulars	In cash*	Yet to be paid in cash	Total
i. Construction/Acquisition of any assets	-	-	-
ii. Purpose other than (i) above	7,573	-	7,573
	7,573	-	7,573

* Represent actual outflow during the year

C. Related party transactions in relation to Corporate Social Responsibility: Contributed an amount of Rs.44.16 Lakhs to TCS Foundation

37. SUBSEQUENT EVENT

In respect of the current year, the directors have proposed dividend of ₹ per equity share having a face value of ₹ 1 each. The dividend is subject to approval by shareholders at the ensuring Annual General Meeting and has accordingly, not been accounted as a liability in the financial statements.

Notes forming part of the Financial Statements

38. RECENT INDIAN ACCOUNTING STANDARDS (IND AS):

Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 Revenue from Contracts with Customers
Ind AS 21 The effect of changes in Foreign Exchange rates
Ind AS 115 – Revenue from Contracts with Customers
Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

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

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

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying IND AS 115 is recognised as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. APTOnline Limited is evaluating the impact of this amendment on its financial statements.

For and on behalf of the Board of Directors of APTOnline Limited

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number : 101248W/W-100022

Balajirao Pothana	**Ajoyendra Mukherjee**	**V.Rajanna**
Partner	Director	Director
Membership number : 122632	DIN:00350269	DIN:01280277

Place: Mumbai
Date: April 13, 2018

MPONLINE LIMITED

FINANCIAL STATEMENTS

For the year ended
31 March 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF
MPONLINE LIMITED**

Report on the financial statements

We have audited the accompanying financial statements of MPOnline Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including other comprehensive income), the statement of cash flow and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income) and cash flows and change in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act read with relevant Rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

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 31 March 2018 and its profit, its total comprehensive income and its cash flows for the year then ended.

Other Matters

Corresponding figures for the year ended 31 March 2017 were audited by Deloitte Haskins & Sells LLP who expressed an unmodified opinion on those financial statements dated 12 April 2017.

Our opinion on the Ind AS financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government 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, to the extent applicable.

2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid financial statements;

   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 cash flow and the statement of changes in equity dealt with by this Report are in agreement with the relevant books of account;

   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 3 of the Companies (Accounts) Rules, 2015;

   e) On the basis of written representations received from the directors as on 31 March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2018.

      iv. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Balajirao Pothana
Partner
Membership No: 122632

Mumbai, April 10, 2018

ANNEXURE – A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our report of even date)

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

   (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were verified during the year by the management and no material discrepancies were noticed on such verification during the year.

   (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.

2. The Company is a service company, engaged in the business of development, maintenance and management of MPOnline portal for providing web based services by government to citizen, government to business and other portfolio services of government. Accordingly, it does not hold any physical inventory. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

3. According to the information and explanation given to us, The Company has not granted any loans, secured or unsecured, to companies, firm, limited liability partnerships or other Parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3(iii)(a),(b) and (c) of the order is not applicable.

4. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or securities to the parties covered under section 185 and 186 of the Act during the year.

5. In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph (v) of the Order is not applicable to the Company.

6. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services/activities rendered by the Company.

7. (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, income-tax, service tax, sales tax,good and service tax, employees state insurance, value added tax, cess and other statutory dues have generally been regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of customs and duty of excise.

   According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, employees' state insurance, value added tax, cess and other statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us, the company has not deposited service tax as on 31 March, 2018 on account of disputes as given below:

Name of Statue	Nature of Dues	Forum where Dispute is Pending	Period to which the amount relates	Amount (Rs In Lakhs)
Finance Act,1994	Service Tax	Appellate Tribunal	October'09 to September'14	2995.00

8. In our opinion and according to the information and explanations given to us, the Company does not have any loans or borrowings from banks, financial institutions or Government, nor has it issued any debentures during the year.

9. In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under clause (ix) of the Order is not applicable.

10. According to the information and explanations given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion and 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 to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures 3(xiv) of the Oder is not applicable to the Company.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
16. In our opinion and 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 to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Balajirao Pothana
Partner
Membership No: 122632

Mumbai, April 10, 2018

ANNEXURE – B TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of MPOnline Limited ("the Company") as of 31 March 2018 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

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 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 the ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial control 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.

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 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Balajirao Pothana
Partner
Membership No: 122632

Mumbai, April 10, 2018

Balance Sheet

(₹ Lakh)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non - current assets			
(a) Property, plant and equipment	3	**157.20**	238.92
(b) Financial assets		**-**	
(i) Loans	5(A)	**4,742.22**	-
(ii) Other financial assets	4(A)	**40.26**	38.99
(c) Income tax assets (net)		**197.88**	201.21
(d) Deferred tax assets	7	**-**	33.01
(e) Other assets	8(A)	**165.66**	125.49
Total non-current assets		**5,303.22**	637.62
Current assets			
(a) Financial assets			
(i) Investments	9	**4,369.64**	3,872.87
(ii) Trade receivables	10	**601.95**	347.63
(iii) Unbilled revenue		**13.61**	152.72
(iv) Cash and cash equivalents	11	**600.44**	1,266.61
(v) Other balances with banks	12	**49.08**	48.66
(vi) Loans	5(B)	**1.39**	5,602.05
(vii) Other financial assets	4(B)	**103.70**	365.25
(b) Other assets	8(B)	**245.58**	277.53
Total current assets		**5,985.39**	11,933.32
TOTAL ASSETS		**11,288.61**	12,570.94
EQUITY AND LIABLITIES			
Equity			
(a) Share capital	13	**100.00**	100.00
(b) Other equity	14	**8,546.53**	7,275.40
Total Equity		**8,646.53**	7,375.40
Non-current liablities			
(a) Deferred tax liablities	7	**10.90**	-
(b) Other liablities	16(A)	**18.59**	36.88
Total non-current liablities		**29.49**	36.88
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	17	**392.67**	368.32
(ii) Other financial liablities	18	**1,202.98**	3,318.72
(b) Employee benefit obligation	15(A)	**25.97**	25.73
(c) Income tax liabilities (net)		**54.13**	109.83
(d) Other liabilities	16(B)	**872.49**	1,133.21
(e) Income received in advance		**64.35**	202.85
Total current liablities		**2,612.59**	5,158.66
TOTAL EQUITY AND LIABILITIES		**11,288.61**	12,570.94

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-30

As per our report of even date attached

For and on behalf of the Board of Directors of MPOnline Limited

FOR BSR & Co. LLP
Chartered Accountants
Firm Registration no. 101248W/W-100022

Balajirao Pothana
Partner
Membership no. 122632

Lakshminarayanan G S
Director

Manu Srivastava
Director

Rajeev Sisaudia
Chief Operating Officer

R Sankar
Company Secretary

Mumbai, April 10, 2018

Mumbai, April 10, 2018

Statement of Profit and Loss

(₹ Lakh)

		Note	Year ended March 31, 2018	Year ended March 31, 2017
I.	Revenue from operations	19	**10,486.15**	8,637.50
II.	Other income	20	**594.70**	657.42
III.	**Total Revenue**		**11,080.85**	9,294.92
IV.	**Expenses:**			
	(a) Employee benefit expenses	15	**774.56**	622.14
	(b) Other expenses	21	**6,799.34**	5,462.58
	(d) Depreciation	3	**121.46**	111.30
	Total expenses		**7,695.36**	6,196.02
V.	**Profit before tax**		**3,385.49**	3,098.90
VI.	**Tax expense:**			
	(a) Current tax	6	**1,174.42**	1,101.51
	(b) Deferred tax		**43.91**	(13.47)
	Total tax expenses		**1,218.33**	1,088.04
VII.	**Profit for the year**		**2,167.16**	2,010.86
VIII.	**Other comprehensive income/(loss)**			
(A)	**(i) Items that will not be reclassified subsequently to profit and loss:**			
	(a) Remeasurement of defined employee benefit plans		**4.99**	(1.85)
	(ii) Income tax on items that will not be reclassified subsequently to the statement of profit and loss		**1.66**	(0.95)
	Total other comprehensive income/(loss) net of taxes		**6.65**	(2.80)
IX.	**Total comprehensive income for the year**		**2,173.81**	2,008.05
X.	Earnings per equity share- Basic and diluted (₹)	22	**216.72**	201.09
	Weighted average number of equity shares		**1,000,000**	1,000,000
	Face value per equity share (₹) 10 each			

XI. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-30

As per our report of even date attached

For and on behalf of the Board of Directors of MPOnline Limited

FOR BSR & Co. LLP
Chartered Accountants
Firm Registration no. 101248W/W-100022

Balajirao Pothana
Partner
Membership no. 122632

Lakshminarayanan G S
Director

Manu Srivastava
Director

Rajeev Sisaudia
Chief Operating Officer

R Sankar
Company Secretary

Mumbai, April 10, 2018

Mumbai, April 10, 2018

Statement of Cash Flows

(₹ Lakh)

		Year ended March 31, 2018	Year ended March 31, 2017
I	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit for the year	**3,380.10**	3,098.90
	Adjustments to reconcile profit or loss to net cash provided by operating activities:		
	Depreciation	**121.46**	111.29
	(Gain) / Loss on disposal of property, plant and equipment	**(1.50)**	(0.06)
	Net Gain on investements measured at fair value through profit and loss	**(66.09)**	(0.54)
	Bad debts, provision for trade receivables and advances written off (net)	**(0.11)**	0.44
	Interest income	**(362.01)**	(583.90)
	Unrealised gain on investments measured at fair value through profit and loss	**(165.10)**	(72.87)
	Operating profit before working capital changes	**2,906.75**	2,553.26
	Net change in:		
	Trade receivables	**(254.21)**	(179.14)
	Unbilled revenue	**139.11**	18.40
	Loans and other financial assets	**(2,185.87)**	3.29
	Other assets	**(121.18)**	(286.40)
	Trade payables	**24.32**	(260.36)
	Income received in advance	**(138.51)**	151.59
	Other financial liabilities	**3.32**	1,324.93
	Other liabilities	**(41.73)**	700.72
	Cash generated from operations	**332.00**	4,026.29
	Taxes paid	**(1,224.49)**	(1,002.72)
	Net cash (used in)/provided by operating activities	**(892.49)**	3,023.57
II	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Bank deposits placed	**(94.74)**	-
	Inter-corporate deposits placed	**(6,742.22)**	(4,688.38)
	Purchase of investments carried at fair value through profit and loss	**(5,000.00)**	(4,300.00)
	Purchase of property, plant and equipment	**(38.23)**	(41.40)
	Proceeds from Bank Deposits	**45.66**	2,238.91
	Proceeds from inter-corporate deposits	**7,601.55**	4,086.82
	Proceeds from disposal/redemption of investments carried at fair value through profit and loss	**4,734.42**	500.54
	Interest received	**622.56**	427.66
	Net cash provided by/(used in) investing activities	**1,129.00**	(1,775.85)
III	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Dividend paid (including dividend tax)	**(902.68)**	(589.75)
	Net cash (used in) financing activities	**(902.68)**	(589.75)
	Net increase in cash and cash equivalents	**(666.17)**	657.97
	Cash and cash equivalents at the beginning of the year	**1,266.61**	608.64
	Cash and cash equivalents at the end of the year as per Note 11	**600.44**	1,266.61
IV	**NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-30**		

As per our report of even date attached

For and on behalf of the Board of Directors of MPOnline Limited

FOR BSR & Co. LLP
Chartered Accountants
Firm Registration no. 101248W/W-100022

Balajirao Pothana
Partner
Membership no. 122632

Lakshminarayanan G S
Director

Manu Srivastava
Director

Rajeev Sisaudia
Chief Operating Officer

R Sankar
Company Secretary

Mumbai, April 10, 2018

Mumbai, April 10, 2018

Statement of Changes in Equity

A) EQUITY SHARE CAPITAL

(₹ Lakh)

Balance as on April 01, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
100.00	-	100.00

Balance as on April 01, 2017	**Changes in equity share capital during the year**	**Balance as at March 31, 2018**
100.00	-	100.00

B) OTHER EQUITY

(₹ Lakh)

	General reserve	Retained earnings	Total Equity
Balance as at April 1,2016	519.00	5,338.10	5,857.10
Profit for the year	-	2,010.86	2,010.86
Other comprehensive income	-	(2.81)	(2.81)
Total comprehensive income	519.00	7,346.15	7,865.15
Dividend (including tax on dividend)	-	(589.75)	(589.75)
Balance as at March 31, 2018	519.00	6,756.40	7,275.40
Balance as at April 01, 2017	**519.00**	**6,756.40**	**7,275.40**
Profit for the period	**-**	**2,167.16**	**2,167.16**
Other comprehensive income	**-**	**6.65**	**6.65**
Total comprehensive income	**519.00**	**8,930.21**	**9,449.21**
Dividend (including tax on dividend)	**-**	**(902.68)**	**(902.68)**
Balance as at March 31, 2018	**519.00**	**8,027.53**	**8,546.53**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-30

As per our report of even date attached

For and on behalf of the Board of Directors of MPOnline Limited

FOR BSR & Co. LLP
Chartered Accountants
Firm Registration no. 101248W/W-100022

Balajirao Pothana
Partner
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Lakshminarayanan G S
Director

Manu Srivastava
Director

Rajeev Sisaudia
Chief Operating Officer

R Sankar
Company Secretary

Mumbai, April 10, 2018

Mumbai, April 10, 2018

Notes forming part of the Financial Statements

1 Corporate Information

The Company primarily operates an e-commerce portal allowing payments and money transfer to be made through the Internet, enabling citizens and businesses to make payment of dues to various departments of state governments, educational institutions, public utilities, insurance companies.

The Company, an unlisted public company is incorporated and domiciled in India. The address of its registered office and principal place of business is 2nd Floor, Nirupam Shopping Mall , Hoshangabad Road, Ahmedpur, Bhopal 462026. As of March 31 , 2018 Tata Consultancy Services Limited, the holding company owned 89% of the Company's equity share capital. Tata Sons Limited is the ultimate parent.

The company is a joint venture between Tata Consultancy Services Limited and Madhya Pradesh State Electronics Development Corporation Limited. The joint venture agreement between parties has expired on March 31,2017. The agreement between the parties has been revised upto March 31,2027.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on April 10, 2018.

2 Significant accounting policies

a) Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 and Companies (Indian Accounting Standards) amendment rules,2016 and other relevant provisions of the act.

b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments, defined benefit assets and liabilities that have been disclosed at fair values at the end of each reporting period, as explained in the accounting policies below.

c) Use of estimates and judgements

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

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

Key source of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities.

Fair value measurement of financial instruments

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

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods. Valuation of deferred tax assets The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2(g). Provisions and contingent liabilities 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 a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2 (g).

Provisions and contingent liabilities

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 a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Defined benefit plan

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. 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.

d) Revenue recognition

In respect of payment gateway, e-Commerce Portal Service, revenue is recognised upon processing of the transactions (such as payment of utility bills, insurance premium etc.) through the portal.

Revenue on rendering of UID services are recognised in the statement of profit and loss only when the services under the contract is completed or substantially completed.

Revenue for Manpower supply services is recognised over a time and material basis, where there is no uncertainty as to measurement and collectability of consideration, are recognised when services are rendered and related costs are incurred.

Revenue from Kiosk revenue is recognised on a straight line basis over the specified period.

All revenues are recognised only when collectability of the resulting receivable is reasonably assured, and are reported net of discounts and sales taxes.

Interest income is recognised using the effective interest method.

e) Leases

Operating leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in the statement of profit and loss , unless the lease agreement explicitly states that increase is on account of inflation.

f) Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the company are broadly categorised in employee benefit expenses, other expenses and depreciation. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff

Notes forming part of the Financial Statements

welfare expenses. Other expenses majorly include fees to external consultants, commission expenses, cost of facility running, communication expenses, allowance for doubtful trade receivables and other expenses.

g) Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the statement of 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.

Current income taxes

The current income tax expense includes income taxes payable by the Company.

Advance taxes and provisions for current income taxes are presented in the balance sheet after offsetting advance tax paid and income tax provision pertaining to the same assessment year.

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.

The carrying amount of deferred income tax assets and labilities are reviewed at each reporting date and are reduced or increases as the case may be.

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 if there is a legally enforceable right to offset current tax labilities and assets and the Company can settle current tax labilities and assets on a net basis or there tax assets and labilities will be relised simultaneously.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

h) 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.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost 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 through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or 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.

i) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any.

Cost of an item of property, plant and equipment comprises of its purchases price including non refundable taxes, after deducting trade discount and any directly attributable cost of bringing the item to its working condition for its intended use.

Depreciation is provided for property, plant and equipment on a Straight line basis so as to expense the cost over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Name of the Asset	Useful lives
Computer Equipment	4 Years
Office Equipment	5 Years
Electrical Installations	10 Years
Furniture and Fixtures	5 Years
Leasehold Improvements	Lease period
Vehicles	4 Years

Capital work-in-progress

Project under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

j) Impairment

i. Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Notes forming part of the Financial Statements

ii. Non-financial assets Tangible and intangible 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.

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction using a practical expedient. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii. Non-financial assets

Property, plant and equipment and intangible assets with finite life are reviewed at each reporting date to determine whether there is any indication of impairment. 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.

k) Employee benefits

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. Actuarial gains and losses are recognised in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

b) Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

c) Compensated Absences

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 recognised as an actuarially determined liability at the present value of the obligation at the balance sheet date.

l) Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.

3) Property, Plant & Equipment

(₹ Lakh)

Description	leasehold Improvements	Computer equipment	Vehicles	Office equipment	Electrical Installations	Furniture and fixtures	Total
Cost as of April 01, 2017	**117.35**	**448.13**	**9.04**	**87.02**	**58.75**	**99.53**	**850.10**
Additions	**-**	**39.07**	**-**	**0.67**	**-**	**-**	**39.74**
Disposals	**-**	**(5.23)**	**-**	**(2.66)**	**-**	**-**	**(5.23)**
Cost as of March 31, 2018	**117.35**	**512.25**	**9.04**	**87.69**	**58.75**	**99.53**	**884.61**
Accumulated depreciation as of April 01, 2017	**(59.85)**	**(349.30)**	**(8.87)**	**(61.05)**	**(45.53)**	**(86.58)**	**(611.18)**
Depreciation for the year	**(18.06)**	**(78.46)**	**(0.17)**	**(8.61)**	**(11.57)**	**(4.59)**	**(121.46)**
Disposals	**-**	**5.23**	**-**	**-**	**-**	**-**	**5.23**
Accumulated depreciation as of March 31, 2018	**(77.91)**	**(422.53)**	**(9.04)**	**(69.66)**	**(57.10)**	**(91.17)**	**(727.41)**
Net carrying amount as of March 31, 2018	**39.44**	**89.72**	**0.00**	**18.03**	**1.65**	**8.36**	**157.20**

(₹ Lakh)

Description	leasehold Improvements	Computer equipment	Vehicles	Office equipment	Electrical Installations	Furniture and fixtures	Total
Cost as of April 1, 2016	117.35	448.13	9.04	88.39	58.75	100.73	822.39
Additions	-	40.24	-	1.29	-	0.00	41.53
Disposals	-	(9.96)	-	(2.66)	-	(1.20)	(13.82)
Cost as of March 31, 2017	117.35	478.41	9.04	87.02	58.75	99.53	850.10
Accumulated depreciation as of April 01, 2016	(47.14)	(290.83)	(6.64)	(45.65)	(40.07)	(83.30)	(513.63)
Depreciation for the year	(12.71)	(68.43)	(2.23)	(17.99)	(5.46)	(4.48)	(111.30)
Disposals	-	9.96	-	2.59	-	1.20	13.75
Accumulated depreciation as of March 31, 2017	**(59.85)**	**(349.30)**	**(8.87)**	**(61.05)**	**(45.53)**	**(86.58)**	**(611.18)**
Net carrying amount as of March 31, 2017	57.50	129.11	0.17	25.97	13.22	12.95	238.92

4) OTHER FINANCIAL ASSETS

(A) Non- current financial assets

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
(a) Security deposits	**40.26**	38.99
	40.26	38.99

Notes forming part of the Financial Statements

(B) Current financial assets

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
(a) Security deposits	**-**	1.00
(b) Interest receivable	**103.70**	364.25
	103.70	365.25

5) LOANS

(A) Non - current

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
Considered good		
(a) Corporate deposit	**4,742.22**	-
	4,742.22	-

(B) Current

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
Considered good		
(a) loans and advances to employee	**1.39**	0.50
(b) Corporate deposit	**-**	5,601.55
	1.39	5,602.05

6) INCOME TAXES

(₹ Lakh)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Tax		
Current tax expenses for current year	**1,174.42**	1,101.51
Deferred tax (credit)/expenses	**43.91**	(13.47)
Total income tax expense recognised in current year	**1,218.33**	1,088.04
Reconciliation of income tax expenses as per statute to income tax expense in the books		
Profit before income taxes	**3,385.49**	3,098.90
Indian statutory income tax rate	**34.61%**	34.608%
Expected income tax expense	**1,171.65**	1,072.47
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Disallowance U/s 37	**9.10**	15.57
Tax pertaining to prior years	**25.22**	-
Provision for gratuity	**2.34**	-
Others (net)	**10.02**	-
Total income tax expense	**1,218.33**	1,088.04

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

(₹ Lakh)

	Opening balance	Recognised / reversed through profit or loss	Closing balance
Deferred tax assets / (liabilities) in relation to:			
Property, plant and equipment	**5.89**	**47.51**	**53.40**
Provision for Employee Benefits	**13.73**	**(2.46)**	**11.27**
Operating lease liabilities	**13.39**	**(6.90)**	**6.90**
Investments	**-**	**(57.69)**	**(57.69)**
Other assets prepaid	**-**	**(26.55)**	**26.55**
Net deferred tax assets / (liabilities)	**33.01**	**(46.09)**	**(13.08)**

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

(₹ Lakh)

	Opening balance	Recognised / reversed through profit or loss	Closing balance
Deferred tax assets I (liabilities) in relation to:			
Property, plant and equipment	(9.80)	15.69	5.89
Provision for Employee Benefits	10.69	3.03	13.72
Operating lease liabilities	11.79	1.61	13.40
Provision for doubtful receivables	5.13	(5.13)	-
Others	1.73	(1.73)	-
Net deferred tax assets / (liabilities)	19.54	13.47	33.01

7) Deferred tax balances

(A) Deferred tax assets

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
(a) Employee benefits	**9.39**	13.72
(b) Doubtful debts	**44.50**	-
(c) Operating lease liabilities	**5.41**	13.40
	59.30	27.12

(B) Deferred tax liabilities

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
(a) Depreciation	**-**	5.89
Investment	**48.08**	-
Other assets prepaid	**22.12**	-
	70.20	5.89
Net deferred tax (liabilities)/ assets	**(10.90)**	33.01

Notes forming part of the Financial Statements

8) OTHER ASSETS

(A) Other non - current assets

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
Considered good		
(a) Prepaid expenses	**53.34**	13.17
(b) Balance with Government authorities	**112.32**	112.32
	165.66	125.49

(B) Other current assets

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
Considered good		
(a) Prepaid expenses	**62.87**	44.87
(b) Advance to suppliers	**181.67**	232.00
(c) Others (gratuity fund) refer note no.15	**1.04**	0.66
	245.58	277.53

9) INVESTMENT

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
Investments -Current		
Mutual funds (unquoted)	**4,369.64**	3,872.87
	4,369.64	3,872.87

10) TRADE RECEIVABLES (Unsecured)

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
(a) Considered good	**601.95**	347.63
(b) Considered doubtful	**-**	-
Less: Provision for doubtful receivables	**-**	-
	601.95	347.63

11) CASH AND CASH EQUIVALENTS

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
Balances with banks		
In current accounts	**600.44**	1,266.61
	600.44	1,266.61

Notes forming part of the Financial Statements

12) OTHER BANK BALANCES

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
(a) Earmarked balances with banks (Balances held as margin money against guarantees)	**49.08**	48.66
	49.08	48.66

13) Share capital

(₹ Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Authorised		
10,00,000 Equity shares of ₹10 each	**100.00**	100.00
(March 31, 2017 : 1,000,000 Equity shares of ₹ 10 each)		
(b) Issued, Subscribed and Fully paid up		
10,00,000 Equity shares of ₹10 each	**100.00**	100.00
(March 31, 2017 : 1,000,000 Equity shares of ₹ 10 each)		
Total	**100.00**	100.00

(i) Reconciliation of the number of shares and amount outstanding at the beginning and end of the year :

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
Shares and amount outstanding at the beginning and end of the year	**10,00,000**	**100.00**	10,00,000	100.00
Total shares outstanding at the end	**10,00,000**	**100.00**	10,00,000	100.00

(ii) Rights, preferences and restrictions attached to equity shares.

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the forthcoming Annual General Meeting, except in case of the interim dividend. In the event of liquidation, the equity share holders would be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Details of shares held by the holding company

Particulars	Number of Equity shares	
	As at March 31, 2018	As at March 31, 2017
Tata Consultancy Services Limited	**8,90,000**	8,90,000

Notes forming part of the Financial Statements

(iv) **Details of shares held by the shareholders holding more than 5% shares of a class of shares**

Class of shares / Name of shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of
Equity shares				
Madhya Pradesh State Electronics Development Corporation	**1,10,000**	**11%**	1,10,000	11%
Tata Consultancy Services Limited	**8,90,000**	**89%**	8,90,000	89%

14) OTHER EQUITY

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
(a) General reserve		
(i) Opening balance	**519.00**	519.00
(b) Retained earnings		
(i) Opening balance	**6,756.40**	5,338.10
(ii) Profit for the year	**2,173.81**	2,008.05
(iii) less: Appropriations		
(a) Dividend on equity shares	**(750.00)**	(490.00)
(b) Tax on dividend	**(152.68)**	(99.75)
	8,546.53	7,275.40

15) EMPLOYEE BENEFITS

(₹ Lakh)

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Salaries and Incentives	**699.31**	569.77
(b) Contribution to provident fund and other funds	**38.23**	32.63
(c) Staff welfare expenses	**37.02**	19.74
	774.56	622.14

(A) Non current employee benefit obligation

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
(a) Compensated absences	**25.97**	25.73
	25.97	25.73

Defined benefit plans

The Company offers its employees defined benefit plans in the form of a gratuity scheme.

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements.

(₹ Lakh)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Change in defined benefit obligations ("DBO") during the year		
Present value of DBO at beginning of the year	**31.22**	23.11
Current service cost	**6.82**	6.15
Interest cost	**2.19**	1.74
Benefit Paid during the Year	**(0.49)**	(2.37)
Actuarial losses	**(7.23)**	2.59
Present value of DBO at the end of the years	**32.51**	31.22
Change in fair value of assets during the year		
Plan assets at beginning of the year	**34.11**	29.72
Expected return on plan assets	**(0.57)**	2.16
Actuarial (loss)	**-**	-
Fair value of plan assets at the end of the year	**33.54**	31.88

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
Funded status:		
Surplus of plan assets over obligations	**1.04**	0.66

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
category of assets:		
Insurer managed funds	**33.54**	31.88

Net periodic gratuity cost included in employee cost consists of the following components:

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
Components of expense		
Service cost	**6.82**	6.15
Net interest on net defined benefit liability / (asset)	**(0.05)**	(0.34)
Net periodic gratuity cost	**6.77**	5.81
Actual return on plan asets	**2.23**	2.03

Notes forming part of the Financial Statements

Remeasurement of the net defined benefit liability/(asset):

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
Actuarial (gains) and losses arising from changes in demographic assumptions.	**(1.01)**	0.00
Actuarial (gains) and losses arising from changes in financial assumptions.	**(8.81)**	1.67
Actuarial (gains) and losses arising from changes in experience adjustments.	**2.59**	0.92
Remeasurement of the net defined benefit liability	**(7.23)**	2.59
Remeasurement - return on plan assets excluding amount included in interest income	**-**	-
Total	**(7.23)**	2.59

The assumptions used in according for the defined benefit plan are set out below:

(₹ Lakh)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Actuarial assumptions		
Discount rate	**7.8%**	7.0%
Salary escalation rate	**6%**	8%
Attrition rate		
i) If Services < = 5 years	**16.00%**	15.00%
ii) If Services > 5 years	**8.00%**	6.00%
Mortality Rate	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)

The Company is expected to contribute ₹ 2.73 to the defined benefit plan obligation for the year ending March 31, 2018.

Remeasurement loss of defined employee benefit plan in other comprehensive income for the fiscals 2018 and 2017 are ₹ 6.66 and ₹ 2.81 respectively.

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 by 0.50%, the defined benefit obligations would decrease by ₹ 1.24 as of March 31, 2018 and a corresponding decrease of 0.5% will result in increase of ₹ 1.34.

If the salary escalation rate increases by 0.50%, the defined benefit obligations would increase by ₹ 1.35 as of March 31, 2018 and a corresponding decrease of 0.5% will result in decrease of ₹ 1.26.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance sheet.

Each year an Asset - Liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and contribution policies are integrated within this study.

The defined benefit obligations shall mature after year ended March 31, 2018 as follows:

(₹ Lakh)

Year ending March 31,	Defined benefit obligations
2019	2.73
2020	3.50
2021	4.41
2022	5.29
2023	5.19
Thereafter	32.31

Defined contribution plans

The Company makes contribution towards provident fund and family pension fund (both defined contribution plan) for qualifying employees. Under the plans, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 25.32 and ₹ 23.14 towards contribution provident fund and family pension fund in fiscals 2018 and 2017 respectively. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

16) OTHER LIABILITIES

(A) Other non current liabilities

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
(a) Operating Lease liabilities	18.59	36.88
	18.59	36.88

(B) Other current liabilities

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
(a) Advance received from collection agents	758.18	989.03
(b) Indirect tax payable and other statutory liabilities	114.31	142.36
(c) Operating Lease liabilities	-	1.82
	872.49	1,133.21

17) TRADE PAYABLES

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
(a) Dues of Micro and Small enterprises (refer note below)	-	-
(b) Others	392.67	368.32
	392.67	368.32

Note :

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. The Company has not received any memorandum (as required to be filed by the suppliers with notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) from vendor claiming the status as micro or small enterprises, hence no disclosures have been made.

Notes forming part of the Financial Statements

18) OTHER FINANCIAL LIABILITIES

Other current financial liabilities

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
(a) Amount collected on behalf of customers	**1,197.73**	3,315.62
(b) Security deposits received	**5.25**	3.10
	1,202.98	3,318.72

19) REVENUE FROM OPERATIONS

(₹ Lakh)

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Portal income	**10,028.44**	7,547.55
(b) UID income	**213.00**	514.31
(c) Kiosk registration income	**188.34**	543.26
(d) Manpower supply	**54.02**	17.47
(e) Other operating income		
(i) Liabilities no longer required written back	**-**	14.91
(ii) Other Operating Income	**2.35**	-
	10,486.15	8,637.50

20) OTHER INCOME

(₹ Lakh)

Other income (net) consist of the following :	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest income	**362.01**	583.90
(b) Net gain on investments carried at fair value through profit and loss	**165.10**	73.41
(c) Net gain on sale of investments carried at amortised cost	**66.09**	-
(d) Profit / (Loss) on sale of fixed assets	**1.50**	0.06
(e) Miscellaneous income	**-**	0.05
	594.70	657.42
Interest income comprises :		
Interest on bank deposits	**3.12**	98.39
Interest income on corporate deposit	**358.89**	485.51

Notes forming part of the Financial Statements

21) OTHER EXPENSES

(₹ Lakh)

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Fees to external consultants	**2,472.49**	1,811.73
(b) Commission	**3,432.68**	3,183.90
(c) Facility running expenses	**295.79**	200.43
(d) Communication expenses	**170.08**	116.30
(e) Cost of equipment and software licences	**37.34**	39.77
(f) Bad debts and advances written off,provision for trade receivables and advances (net)	**(0.11)**	0.44
(g) Expenditure on Corporate Social Responsibility	**52.58**	45.00
(h) Other expenses	**338.49**	65.01
	6,799.34	5,462.58

(₹ Lakh)

Payment to Auditors	For the year ended March 31, 2018	For the year ended March 31, 2017
For services as auditors	**4.10**	7.00
For other services	**-**	0.02
Tax	**(0.07)**	0.73
	4.03	7.75

22) EARNINGS PER SHARE (EPS)

Basic and diluted	For the year ended March 31, 2018	For the year ended March 31, 2017
Net profit for the year (₹ Lakh)	**216.72**	201.09
Weighted average number of equity shares	**1,000,000**	1,000,000
Earnings per share basic and diluted (₹)	**216.72**	201.09
Face value per equity share (₹)	**10**	10

23) LEASES

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 2 years 9 months to 10 years and may be renewed for a further period based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5% to 15% every year.

The following is a summary of future minimum lease rental commitments towards non-cancellable operating leases and finance leases:

(₹ Lakh)

	As at March 31, 2018	As at March 31, 2017
Future minimum lease payments		
(i) not later than one year	**0.38**	71.42
(ii) later than one year and not later than five years	**-**	264.69
(iii) later than five years	**-**	110.46
	0.38	446.57
Lease payments recognised in the Statement of Profit and Loss	**71.75**	97.74

Notes forming part of the Financial Statements

24) FINANCIAL INSTRUMENTS

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(h) to the financial statements.

a) Financial assets and liabilities

The carrying value of financial instruments by categories as of March 31, 2018 is as follows:

(₹ Lakh)

	Fair value through profit or loss	Amortised cost	Total carrying value
Financial assets:			
Cash and cash equivalents	-	600.44	600.44
Bank deposits and earmarked bank balances	-	49.08	49.08
Trade receivables	-	601.95	601.95
Investments	4,369.64	-	4,369.64
Loans	-	1.39	1.39
Unbilled revenue	-	13.61	13.61
Other financial assets	-	143.96	143.96
Total	4,369.64	1,410.43	5,780.07
Financial liabilities:			
Trade payables	-	392.67	392.67
Other financial liabilities	-	1,202.98	1,202.98
Total	-	1,595.65	1,595.65

The carrying value of financial instruments by categories as of March 31, 2017 is as follows:

(₹ Lakh)

	Fair value through profit or loss	Amortised cost	Total carrying value
Financial assets:			
Cash and cash equivalents	-	1,266.61	1,266.61
Bank deposits and earmarked bank balances	-	48.66	48.66
Trade receivables	-	347.63	347.63
Investments	3,872.87	-	3,872.87
Loans	-	5,602.05	5,602.05
Unbilled revenue	-	152.72	152.72
Other financial assets	-	404.24	404.24
Total	3,872.87	7,821.91	11,694.78
Financial liabilities:			
Trade payables	-	368.32	368.32
Other financial liabilities	-	3,318.72	3,318.72
Total	-	3,687.04	3,687.04

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarises financial assets measured at fair value on a recurring basis:

(₹ Lakh)

As of March 31, 2018:	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Mutual fund units	**4,369.64**	**-**	**-**	**4,369.64**
Total	**4,369.64**	**-**	**-**	**4,369.64**

(₹ Lakh)

As of March 31, 2017:	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Mutual fund units	3,872.87	-	-	3,872.87
Total	3,872.87	-	-	3,872.87

b Financial risk management

The Company is exposed primarily to credit and liquidity risk which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

a) Interest rate risk

The Company investments are primarily in fixed rate interest bearing investments. Hence the company is not significantly exposed to interest rate risk.

b) 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.

c) 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.

Notes forming part of the Financial Statements

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments including inter corporate deposits and other financial assets. Corporate deposits of ₹ 4,742.22 and ₹ 5,601.55 as of March 31,2018 and 2017,respectively, are with a financial institution having a high credit-rating assigned by credit-rating agencies. None of the other financial instruments of the Company result in material concentration of credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 6,506.64 and ₹ 10,379.51 as of March 31, 2018 and 2017, respectively, being the total of the carrying amount of trade receivables, unbilled revenue, other financial assets and investments excluding equity and preference investments.

Of the trade receivables balance as at March 31, 2018, ₹ 284.41, March 31, 2017, ₹ 364.15 is due from Madhya Pradesh State Electronics Development Corporation Limited the Companies largest customer. There are no other customer who represent more then 20% of the total trade receivables and UBR.

Geographic concentration of credit risk

The Company has a geographic concentration of trade receivables, net of allowances and unbilled revenue in India.

ii) 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 consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(₹ Lakh)

March 31, 2018	**Due in 1st Year**	**Due in 2nd Year**	**Due in 3rd Year**	**Due in 4th Year**	**Due in 5th Year**	**Total**
Trade payables	**392.67**	**-**	**-**	**-**	**-**	**392.67**
Other financial liabilities	**1,202.98**	**-**	**-**	**-**	**-**	**1,202.98**
Total	**1,595.65**	**-**	**-**	**-**	**-**	**1,595.65**
March 31, 2017	**Due in 1st Year**	**Due in 2nd Year**	**Due in 3rd Year**	**Due in 4th Year**	**Due in 5th Year**	**Total**
Trade and other payables	368.32	-	-	-	-	368.32
Other financial liabilities	3,318.72	-	-	-	-	3,318.72
Total	3,687.04	-	-	-	-	3,687.04

25) SEGMENT REPORTING

The Company has been operating largely in one business segment viz. development, maintenance and management of the MPOnline portal for providing web based services and the other activities of the Company are incidental to the portal. These activities conducted only in the geographic segment viz India. Therefore, the disclosure requirements of the Ind AS 108 on "Segment Reporting" are not applicable.

For the year ended March 31 ,2018 there are two customers that contribute more than 10% each of total revenue.

Notes forming part of the Financial Statements

26) COMMITMENTS AND CONTINGENT LIABILITIES

(₹ Lakh)

Particulars	As at March 31,2017	As at March 31, 2016
Claim against the Company not acknowledged as debts		
Indirect tax Demand	2,995.28	-

27) RELATED PARTY DISCLOSURE

Ultimate Holding Company

Tata Sons Limited

Holding Company

Tata Consultancy Services Limited

Significant shareholder

Madhya Pradesh State Electronics Development Corporation Limited

Key Management Personnel (KMP)

Mr. Rajeev Sisaudia w.e.f. Jan 11, 2017

Note: Related parties have been identified by the Management.

(₹ Lakh)

Transactions with related parties for the year ended March 31, 2018	Holding Company	Significant shareholder	Total
Purchase of services (Refer note below)	80.38	-	80.38
Sub contracted cost	2,277.74	-	2,277.74
Purchases of goods and services	-	13.56	13.56
Revenue	48.50	213.00	261.50
Reimbursement of expenses	1.46	-	1.46
Guarantee matured	-	13.28	13.28
Security deposit placed	-	3.00	3.00
Dividend Paid	667.50	82.50	750.00

Note : This includes remuneration of ₹ 48.56 paid to Key Management Personnel.

(₹ Lakh)

Transactions with related parties for the year ended March 31, 2017	Holding Company	Significant shareholder	Total
Purchase of services (Refer note below)	80.99	-	80.99
Sub contracted cost	1,650.68	-	1,650.68
Revenue	-	514.31	514.31
Guarantee given	-	13.28	13.28
Security deposit placed	-	3.00	3.00
Security deposit matured	-	5.00	5.00
Dividend Paid	436.10	53.90	490.00

Note : This includes remuneration of ₹ 48,55,677 paid to Key Management Personnel.

(₹ Lakh)

Notes forming part of the Financial Statements

Balances with related parties as at March 31, 2018	**Holding Company**	**Significant shareholder**	**Total**
Trade payables	**-**	**-**	**-**
Guarantee given	**-**	**-**	**-**
Security deposit placed	**-**	**3.00**	**3.00**
Trade receivables	**-**	**270.80**	**270.80**
Unbilled revenue	**-**	**13.61**	**13.61**

(₹ Lakh)

Balances with related parties as at March 31, 2017	Holding Company	Significant shareholder	Total
Trade payables	45.79	-	45.79
Guarantee given	-	13.28	13.28
Security deposit placed	-	3.00	3.00
Trade receivables	3.64	211.43	215.07
Unbilled revenue	-	152.72	152.72

28) EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

(₹ Lakh)

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) **Gross amount required to be spent by the company during the year.**	**52.58**	47.73
(b) **Amount spent during the year on:**	**-**	-
(i) Construction/acquisition of any asset	**-**	-
(ii) On purposes other than (i) above	**-**	-
(a) Contribution to Namami Devi Narmade Jan Abhiyan	**-**	45.00
(b) Contribution to Society for Communication & Social Research	**52.58**	-
Yet to be paid in cash	**-**	-

29) NEW STANDARDS NOT YET ADOPTED:

Ind AS 115, Revenue from contract with customers, The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of this Standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new guidance also addresses the accounting for some costs to obtain or fulfill a customer contract and provides a set of disclosure requirements intended to give financial statement users comprehensive information about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. The Company is currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

30) SUBSEQUENT EVENT:

Dividends paid during the year ended March 31, 2018 include an amount of ₹ 75 per equity share towards final dividend for the year ended March 31, 2017. Dividends paid during the year ended March 31, 2017 include an amount of ₹ 49 per equity share towards final dividend for the year ended March 31, 2016.

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. Accordingly, the retained earnings reported in these financial statements may not be fully distributable. As of March 31, 2018 and March 31, 2017, income (net of dividend tax) available for distribution were ₹ 1,271.13 and ₹1,418.30 respectively. Subsequent to March 31, 2018, the Board of Directors of the Company have proposed a final dividend of ₹108.00 per share in respect of the year ending March 31, 2018. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of ₹ 1,302.00 inclusive of dividend distribution tax of ₹ 222.00.

As per our report of even date attached

For BSR & Co. LLP
Chartered Accountants
Firm Registration no. 101248W/W-100022

Balajirao Pothana
Partner
Membership no. 122632

Mumbai, April 10, 2018

For and on behalf of the Board of Directors of MPOnline Limited

Lakshminarayanan G S
Director

Manu Srivastava
Director

Rajeev Sisaudia
Chief Operating Officer

R Sankar
Company Secretary

Mumbai, April 10, 2018

C-EDGE TECHNOLOGIES LIMITED

(CIN: U72900MH2006PLC159038)

FINANCIAL STATEMENTS

**For the year ended
31 March 2018**

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
C-EDGE TECHNOLOGIES LIMITED

Report on the lnd AS financial statements

We have audited the accompanying lnd AS financial statements of C-Edge Technologies Limited (''the Company"), which comprise the Balance Sheet as at 31 March 2018, the statement of Profit and Loss (including Other Comprehensive Income), the statement of cash flow and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the lnd AS financial statements").

Management's responsibility for the lnd AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and change in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards ('lnd AS') specified under Section 133 of the Act read with relevant Rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018 and its profit, its total comprehensive income and its cash flows for the year then ended.

Other Matters

Corresponding figures for the year ended 31 March 2017 were audited by Deloitte Haskins & Sells LLP who expressed an unmodified opinion on those Ind AS financial statements dated 15 April 2017.

Our opinion on the Ind AS financial statements is not modified in respect of above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (II) 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, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Ind AS financial statements;
   b) ln 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 cash flow and the statement of changes in equity dealt with by this Report are in agreement with the relevant books of account;
   d) In our opinion, the aforesaid lnd AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder;
   e) On the basis of written representations received from the directors as on 31 March 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 3 1 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
   f) With respect to the adequacy of the internal financial control s over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations, which would impact its financial position;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2018.
      iv. The disclosures regarding details of specified bank notes held and transacted during 8 November, 2016 to 30 December, 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Balajirao Pothana
Partner
Membership No: 122632

Mumbai, April 12, 2018

Annexure-'A'to the Independent Auditors' Report- 31 March 2018

(Referred to in our report ofeven date)

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

   (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. ln our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, all fixed assets were verified during the year by the management and no material discrepancies were noticed on such verification.

   (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.

2. The Company is a service company and does not hold any physical inventory. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

3. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and limited liability partnerships or other Parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii)(a),(b) and (c) of the order is not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or securities to the parties covered under Section 185 and 186 of the Act during the year.

5. ln our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

6. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services/activities rendered by the Company.

7. (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, income-tax, service tax, sales tax, good and service tax, employees state insurance, value added tax, cess and other statutory dues have generally been regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of customs and duty of excise.

   According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, goods and service tax, employees' state insurance, value added tax, cess and other statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us, there are no dues of income-tax and service tax which have not been deposited with the appropriate authorities on account of any disputes.

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its financial institutions. The Company has not taken any loan or borrowing from the bank and government and did not have any dues to debenture holders during the year.

9. In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under paragraph 3(ix) of the Order is not applicable.

10. According to the informatoin 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 course of our audit.

11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. In our opinion and 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 to the Company.
13. 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 Ind AS financial statements as required by the applicable Accounting Standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Oder is not applicable to the Company.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
16. In our opinion and 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 to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Balajirao Pothana
Partner
Membership No: 122632

Mumbai, April 12, 2018

Annexure- B to the Independent Auditors' Report- 31 March 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of C-Edge Technologies Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the lnd AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI issued by the ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the 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.

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 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 compiiance with the policies or procedures may deteriorate

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants ofIndia.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Balajirao Pothana
Partner
Membership No: 122632

Mumbai, April 12, 2018

Balance Sheet

(₹ lakhs)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non - current assets			
(a) Property, plant and equipment	4	**748.76**	1,210.70
(b) Income tax asset (net)		**273.38**	57.73
(c) Financial assets			
(i) Loans	5(i)	**2,500.00**	-
(ii) Other financial assets	6(i)	**239.29**	203.98
(d) Deferred tax assets (net)	7(i)	**99.55**	7.42
(e) Other assets	8(i)	**93.06**	119.73
Total non-current assets		**3,954.04**	1,599.56
Current assets			
(a) Financial assets			
(i) Unbilled revenue		**784.85**	1,082.95
(ii) Trade receivables	9	**4,972.72**	6,170.19
(iii) Cash and cash equivalents	10	**10,153.96**	10,052.63
(iv) Loans	5(ii)	**752.64**	1,004.84
(v) Other financial assets	6(ii)	**319.94**	324.59
(b) Other assets	8(ii)	**2,314.21**	619.61
Total current assets		**19,298.32**	19,254.81
TOTAL ASSETS		**23,252.36**	20,854.37
EQUITY AND LIABLITIES			
Equity			
(a) Share capital	11	**1,000.00**	1,000.00
(b) Other equity	12	**15,575.32**	12,115.47
Total Equity		**16,575.32**	13,115.47
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	**-**	0.40
(b)Employee benefit obligation		**174.82**	176.33
(c)Other liabilities	15(i)	**2.80**	12.13
Total non-current liabilities		**177.62**	188.86
Current liabilities			
(a) Financial liabilities			
(i) Trade and other payables		**4,344.24**	5,303.68
(ii) Other financial liabilities	14	**234.47**	287.27
(b) Unearned and deferred revenues		**25.28**	-
(c) Employee benefit obligation		**40.25**	37.46
(d) Income tax liabilities (net)		**881.28**	656.00
(e) Other liabilities	15(ii)	**973.90**	1,265.63
Total current liabilities		**6,499.42**	7,550.04
TOTAL EQUITY AND LIABILITIES		**23,252.36**	20,854.37
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-30		

As per our report of even date attached

For and on behalf of the Board of Directors' of C - Edge Technologies Limited

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number : 101248W/W-100022

BALAJIRAO POTHANA
Partner
Membership number : 122632

VISHWANATHAN IYER
Director

MRUTYUNJAY MAHAPATRA
Director

AJOYENDRA MUKHERJEE
Director

DHANANJAYA TAMBE
Director

JAMBUNATHAN NARAYANAN
Chief Executive Officer

PRAKASH MEHTA
Company Secretary

ROHINTON PEER
Chief Financial Officer

Mumbai, April 12, 2018

Statement of Profit and Loss

(₹ lakhs)

		Note	Year ended March 31, 2018	Year ended March 31, 2017
I	Revenue from operations	16	**25,764.15**	25,359.89
II	Other income (net)	17	**668.07**	714.37
	TOTAL REVENUE		**26,432.22**	26,074.26
III	**EXPENSES:**			
	Employee benefits expense	18	**4,350.65**	4,033.88
	Other expenses	19	**12,933.42**	15,447.40
	Finance costs	20	**47.25**	73.17
	Depreciation	4	**664.10**	1,239.82
	TOTAL EXPENSES		**17,995.42**	20,794.27
IV	Profit before tax		**8,436.80**	5,279.99
V	**TAX EXPENSE:**			
	(i) Current tax	7	**3,057.20**	1,841.97
	(ii) Deferred tax	7	**(103.97)**	23.65
VI	**PROFIT FOR THE YEAR**		**5,483.57**	3,414.37
VII	**OTHER COMPREHENSIVE INCOME / (LOSSES)**			
	(a) Items that will not be reclassified subsiquently to the statement of profit and loss.			
	(i) Remeasurement of defined employee benefit plans		**34.20**	40.59
	(b) Income tax on item that will not be reclassified subsequently to the statement of profit and loss		**(11.84)**	(14.05)
	Total other comprehensive income / (losses)		**5,505.93**	3,440.91
VIII	Earnings per equity share- Basic and diluted (₹)		**54.84**	34.14
	Weighted average number of equity shares		**1,00,00,000**	1,00,00,000
	Face value per equity share (₹)		**10**	10
IX	**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**	1-30		

As per our report of even date attached

For and on behalf of the Board of Directors' of C - Edge Technologies Limited

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number : 101248W/W-100022

BALAJIRAO POTHANA
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Chief Executive Officer

PRAKASH MEHTA
Company Secretary

ROHINTON PEER
Chief Financial Officer

Mumbai, April 12, 2018

Statement of Changes In Equity

A EQUITY SHARE CAPITAL

(₹ lakhs)

Balance as on April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
1,000.00	**-**	**1,000.00**

(₹ lakhs)

Balance as on April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
1,000.00	-	1,000.00

B STATEMENT OF CHANGES IN EQUITY

(₹ lakhs)

		Retained earnings
Balance as at April 1, 2016		11,081.71
Profit for the year		3,414.37
Other comprehensive income		26.54
Total omprehensive income		14,522.62
Dividend (including tax on dividend)		(2,407.15)
Balance as at March 31, 2017		**12,115.47**
Profit for the year		**5,483.57**
Other comprehensive income		**22.36**
Total comprehensive income		**17,621.40**
Dividend (including tax on dividend)		**(2,046.08)**
Balance as at March 31, 2018		**15,575.32**
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-30	

As per our report of even date attached

For and on behalf of the Board of Directors' of
C - Edge Technologies Limited

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number : 101248W/W-100022

BALAJIRAO POTHANA
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Chief Executive Officer

PRAKASH MEHTA
Company Secretary

ROHINTON PEER
Chief Financial Officer

Mumbai, April 12, 2018

Statement of Cash Flows

(₹ lakhs)

		Note	Year ended March 31, 2018	Year ended March 31, 2017
I	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Profit for the year		**8,436.80**	5,279.99
	Adjustment to reconcile profit and loss to net cash provided by operating activities			
	Depreciation		**664.10**	1,239.82
	Interest expense		**47.25**	73.17
	Interest Income		**(670.98)**	(722.42)
	Net loss on disposal of property, plant & equipment		**-**	0.15
	Bad debts written off, allowance for doubtful trade receivables and advances (net)		**22.97**	589.85
	Operating profit before working capital changes		**8,500.14**	6,460.56
	Unbilled revenues		**298.10**	(97.11)
	Trade receivables		**1,174.50**	460.44
	Loans and advances		**(1,716.86)**	123.01
	Trade payables, current liabilities and provisions		**(1,085.69)**	1,625.80
	Cash generated from operations		**7,170.19**	8,572.70
	Taxes paid		**(3,047.56)**	(787.90)
	Net cash provided by operating activities		**4,122.63**	7,784.80
II	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Payments for purchase of property, plant and equipment		**(202.18)**	(580.56)
	Interest received		**689.23**	859.21
	Inter Corporate deposits placed		**(4,347.13)**	-
	Proceeds from bank deposits		**2,097.13**	600.00
	Net cash provided by / (used in) Investing activities		**(1,762.95)**	878.65
III	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Repayment of finance lease obligations		**(165.05)**	(549.35)
	Dividend paid (including dividend tax)		**(2,046.08)**	(2,407.15)
	Interest paid		**(47.22)**	(56.02)
	Net cash used in financing activities		**(2,258.35)**	(3,012.52)
	Net change in cash and cash equivalents		**101.33**	5,650.93
	Cash and cash equivalents at the beginning of the year		**10,052.63**	4,401.70
	Cash and cash equivalents at the end of the year		**10,153.96**	10,052.63
IV	**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**	1-30		

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number : 101248W/W-100022

BALAJIRAO POTHANA
Partner
Membership number : 122632

For and on behalf of the Board of Directors' of
C - Edge Technologies Limited

VISHWANATHAN IYER
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Director

JAMBUNATHAN NARAYANAN
Chief Executive Officer

PRAKASH MEHTA
Company Secretary

ROHINTON PEER
Chief Financial Officer

Mumbai, April 12, 2018

Notes forming part of the Financial Statements

1) CORPORATE INFORMATION

C-Edge Technologies Limited (herein referred to as 'the Company') is a subsidiary of Tata Consultancy Services Limited ('TCS') which owns 51% of the equity shares. The balance 49% of the equity shares are owned by State Bank of India. The main objects of the Company are to provide information technology related services and solutions; to develop, procure, license / sublicense and supply computer software and to design, manufacture, procure, supply hardware and to develop, customize and adapt any software for its own use or for the use of multiple users and to provide computer hardware / software maintenance services.

The Company is a public limited company incorporated and domiciled in India. The address of it's Corporate office is 9th floor, A Wing, Lodha i- Think Techno Campus, Pokhran road No 2, off Eastern Express Highway, Thane (West) - 400607.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on April 12, 2018.

2) SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 and Companies (Indian Accounting Standards) amendment rules,2016 and other relevant provisions of the act.

b) Basis of preparation

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 These financial statements have been prepared on the historical cost basis, except for certain financial instruments, defined benefit assets and liabilities that have been disclosed at fair values at the end of each reporting period, as explained in the accounting policies below.

c) Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented. 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 future periods are affected.

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, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities.

Impairment of investments

The Company reviews its carrying value of investments carried at amortised 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.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy has been explained under note 2(j).

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable than an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Defined benefit plan

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. 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.

d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Cost of an item of property, plant and equipment comprises of its purchases price including non refundable taxes, after deducting trade discount and any directly attributable cost of bringing the item to its working condition for its intended use. Depreciation is provided for property, plant and equipment on straight line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Type of asset	Useful life
Office Equipment	5 years
Furniture and Fixtures	5 years
Computers	4 years

Property, plant and equipment under finance lease are depreciated over the lease period.

e) Revenue recognition

Revenue from contracts priced on a time and materials basis are recognised when services are rendered and related costs are incurred.

Revenue from ASP (Application Service Provider) platforms are recognised as the services are performed and amount earned. Amounts are considered to be earned once evidence of an agreement or contractual arrangement has been obtained, services are delivered and collectability is reasonably assured.

Revenue from unit priced contracts are recognised as the related services are rendered.

Revenue from sale of equipment are recognised upon delivery, which is when the title passes to the customer.

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

f) Cost recognition

Cost and expenses are recognised when incurred and have been classified according to their nature.

The costs of the company are broadly categorised in employee benefit expenses, other expenses and depreciation. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other expenses majorly include fees to external consultants, commission expenses, cost of facility running, communication expenses, allowance for doubtful trade receivables and other expenses.

g) Leases

Finance lease

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as Finance Lease. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent

Notes forming part of the Financial Statements

amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Operating lease

Lease arrangements where risks and rewards incidental to ownership of an asset substantially vest with the lesser, are recognised as operating lease. Operating lease payments are recognised on straight line basis over the lease term in the statement of profit and loss, unless the lease agreement explicitly states that increase is on account of inflation.

h) Employee benefits

i) 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. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

ii) Defined contribution plan

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include leave encashment and performance incentives.

iii) Compensated Absences

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 recognised as an actuarially determined liability at the present value of the obligation at the balance sheet date.

i) Foreign currency

The functional currency of the company is Indian rupee (₹).

Income and expense in foreign currencies are converted at the exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the date of the balance sheet. Exchange gains and losses arising on translation and settlement are recognised in the statement of profit and loss. Foreign currency non - monetary assets and liabilities carried at fair value are retranslated at the exchange rates prevailing at the date when the fair value was determined. Non - monetary assets and liabilities that are measured at historical cost not retranslated.

j) Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and 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.

i) Current income taxes

Current tax is measured based on taxable profit for the year and is computed in accordance with the Income Tax Act, 1961 using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the Balance Sheet after offsetting advance taxes paid and income tax provisions arising in the same tax jurisdictions.

ii) 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.

The carrying amount of deferred income tax assets and labilities are reviewed at each reporting date and are reduced or increases as the case may be.

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 if there is a legally enforceable right to offset current tax labilities and assets and the Company can settle current tax labilities and assets on a net basis or there tax assets and labilities will be relised simultaneously.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

k) 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 cost that are directly attributable to the acquisition or issue of financial assets or 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 assets or financial liability.

Cash and Cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents also consists of balances with banks which are unrestricted for withdrawal and usage.

Financial Assets at amortised cost

Financial assets are subsequently measured at amortised cost if their 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 specific 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

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 asset and the contractual terms of the financial assets give rise at specified dates to the cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or 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 or loss are immediately recognised in profit or loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is recognised by the Company at the proceeds net of direct issue cost.

Notes forming part of the Financial Statements

Derecognisation 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 risk and rewards of ownership of the asset to another party. On derecognition of a financial asset, the difference between assets carrying amount and the sum of consideration received or receivable or the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

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 consideration paid and payable is recognised in the statement of profit and loss.

l) Impairment

i) Financial assets (other than at fair value)

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected credit 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 twelve month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

In determining the allowances for doubtful trade receivables 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 is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

ii) Non-financial assets

Tangible assets

Property, plant and equipment and intangible assets with finite life are reviewed at each reporting date to determine whether there is any indication of impairment. 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.

m) Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

4) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(₹ lakhs)

Description	Gross block as at April 1, 2017	Additions	Deletions/ Adjustments	Gross block as at March 31, 2018	Accumulated depreciation as at April 1, 2017	Depreciation for the year	Depreciation on Deletions/ Adjustments	Accumulated depreciation as at March 31, 2018	Net book value as at March 31 , 2018	Net book value as at March 31, 2017
Computer Equipment	**4,812.06**	**192.59**	-	**5,004.65**	**(3,777.16)**	**(496.19)**	-	**(4,273.35)**	**731.30**	**1,034.90**
ATM Related Equipment	**2,846.72**	-	-	**2,846.72**	**(2,691.86)**	**(154.86)**	-	**(2,846.72)**	**0.00**	**154.86**
Office Equipment	**38.73**	**2.06**	-	**40.79**	**(25.96)**	**(6.32)**	-	**(32.28)**	**8.51**	**12.77**
Furniture And Fixtures	**53.88**	**7.51**	-	**61.39**	**(45.71)**	**(6.73)**	-	**(52.44)**	**8.95**	**8.17**
Total	**7,751.39**	**202.16**	-	**7,953.55**	**(6,540.69)**	**(664.10)**	-	**(7,204.79)**	**748.76**	**1,210.70**

Description	Gross block as at April 1, 2016	Additions	Deletions/ Adjustments	Gross block as at March 31, 2017	Accumulated depreciation as at April 1, 2016	Depreciation for the year	Depreciation on deletions/ adjustments	Accumulated depreciation as at March 31, 2017	Net book value as at March 31 , 2017	Net book value as at March 31, 2016
Computer Equipment	4,241.27	570.79	-	4,812.06	(3,079.05)	(698.11)	-	(3,777.16)	1,034.90	1,162.22
ATM Related Equipment	2,846.72	-	-	2,846.72	(2,160.70)	(531.16)	-	(2,691.86)	154.86	686.02
Office Equipment	35.52	3.47	(0.26)	38.73	(19.85)	(6.23)	0.12	(25.96)	12.77	15.67
Furniture And Fixtures	46.69	7.19	-	53.88	(41.39)	(4.32)	-	(45.71)	8.17	5.30
Total	7,170.20	581.45	(0.26)	7,751.39	(5,300.99)	(1,239.82)	0.12	(6,540.69)	1,210.70	1,869.21

ATM related equipment capitalised as assets are under finance lease.

Notes forming part of the Financial Statements

5) LOANS

Loans (unsecured) consists of the following :

(i) Loans - non-current

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Considered good		
Inter Corporate Deposit	**2,500.00**	-
	2,500.00	-

(ii) Loans - current

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Unsecured, Considered good		
(a) Advances to employees	**2.64**	4.84
(b) Inter Corporate Deposits	**750.00**	1,000.00
	752.64	1,004.84

6) OTHER FINANCIAL ASSETS

Other financial assets consists of the following :

(i) Other financial assets - non-current

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Security deposits	**239.29**	203.98
	239.29	203.98

(ii) Other financial assets-current

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Considered good		
Security deposits	**73.40**	49.00
Interest receivable	**246.54**	275.59
(b) Considered doubtful		
Security deposits	**10.80**	10.80
Less: Allowance for Security deposits	**(10.80)**	(10.80)
	319.94	324.59

7) TAXES

The income tax expense consists of the following:

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Current Tax:		
Current tax expense for current year	**3,057.20**	1,814.09
Current tax expense pertaining to prior years	**-**	27.88
	3,057.20	1,841.97
Deferred tax benefit / (expense)	**(103.97)**	23.65
Total income tax expense recognised in the current year	**2,953.23**	1,865.62

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit or loss is as follows:

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit before Income taxes	**8,436.80**	5,279.99
Indian Statutory income tax rate	**34.610%**	34.610%
Expected Income tax expense	**2,919.98**	1,827.40
Tax effects of adjustments to reconcile expected income tax expense to respond income tax expense:		
Income exempt from tax	**-**	-
Tax pertaining to previous years	**-**	27.88
Disallowance u/s 37	**17.14**	12.12
Provision for gratuity	**11.31**	15.63
Others (net)	**4.80**	(17.41)
Total income tax expense	**2,953.23**	1,865.62

(i) Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

(₹ lakhs)

	Opening balance	Recognised / (reversed) through statement of profit and loss	Recognised in/ reclassified from other comprehensive income	Closing balance
Deferred tax assets/ (liabilities) in relation to:				
Property, plant and equipment	**(179.57)**	**147.80**	**-**	**(31.77)**
Finance lease obligations	**77.68**	**(59.33)**	**-**	**18.35**
Provision for Employee benefit	**86.74**	**11.77**	**(11.84)**	**86.67**
Receivables, loans and advances	**13.52**	**3.73**	**-**	**17.25**
Others	**9.05**	**-**	**-**	**9.05**
Total deferred tax assets	**7.42**	**103.97**	**(11.84)**	**99.55**

Notes forming part of the Financial Statements

Gross deferred tax assets and liabilities are as follows:

(₹ lakhs)

As on March 31, 2018	Assets	Liabilities	Net
Deferred tax assets / (liabilities) in relation to:			
Property, plant and equipment	**-**	**(85.36)**	**(85.36)**
Finance lease obligations	**80.99**	**-**	**80.99**
Provision for Employee benefit	**86.67**	**-**	**86.67**
Receivables, loans and advances	**17.25**	**-**	**17.25**
Others	**-**	**-**	**-**
Net deferred tax assets / (liabilities)	**184.91**	**(85.36)**	**99.55**

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

(₹ lakhs)

	Opening balance	Recognised / (reversed) through statement of profit and loss	Recognised in/ reclassified from other comprehensive income	Closing balance
Deferred tax assets/ (liabilities) in relation to:				
Property, plant and equipment	(218.67)	39.10	-	(179.57)
Finance lease obligations	132.81	(55.13)	-	77.68
Provision for Employee benefit	84.72	16.07	(14.05)	86.74
Receivables, loans and advances	39.14	(25.62)	-	13.52
Others	7.12	1.93	-	9.05
Total deferred tax (liabilities) / assets	45.12	(23.65)	(14.05)	7.42

Gross deferred tax assets and liabilities are as follows:

(₹ lakhs)

As at March 31, 2017	Assets	Liabilities	Net
Deferred tax assets / (liabilities) in relation to:			
Property, plant and equipment	-	(179.57)	(179.57)
Finance lease obligations	77.68	-	77.68
Provision for Employee benefit	86.74	-	86.74
Receivables, loans and advances	13.52	-	13.52
Others	9.05	-	9.05
Net deferred tax assets / (liabilities)	186.99	(179.57)	7.42

8) OTHER ASSETS

(i) Other assets - non-current

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Considered good		
(a) Prepaid expenses	**93.06**	119.73
	93.06	119.73

(ii) Other assets - current

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Considered good		
(a) Prepaid expenses	**329.93**	234.37
(b) Indirect tax recoverable	**924.64**	156.06
(c) Advance to suppliers	**818.76**	101.59
(d) Recoverable expenses	**135.88**	22.59
(e) Other advances	**105.00**	105.00
	2,314.21	619.61

9) TRADE RECEIVABLES (UNSECURED)

Trade receivables consist of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(i) Considered good	**4,972.72**	6,170.19
(ii) Considered doubtful	**49.84**	26.87
	5,022.56	6,197.06
Less: Allowance for doubtful receivables	**(49.84)**	(26.87)
	4,972.72	6,170.19

10) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Balances with banks		
In current accounts	**333.46**	271.08
In deposit accounts with original maturity less than 3 months	**9,820.50**	9,781.55
	10,153.96	10,052.63

Notes forming part of the Financial Statements

11) SHARE CAPITAL

The authorised, issued, subscribed and fully paid up share capital comprises of equity shares having par value of ₹ 10 each as follows :

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Authorised :		
4,00,00,000 equity shares of ₹ 10 each	**4,000.00**	4,000.00
(March 31, 2017 : 4,00,00,000 equity shares of ₹ 10 each)		
	4,000.00	4,000.00
(b) Issued, subscribed and paid up:		
1,00,00,000 equity shares of ₹ 10 each	**1,000.00**	1,000.00
(March 31, 2017 : 1,00,00,000 equity shares of ₹ 10 each)		
	1,000.00	1,000.00

i) Reconciliation of number of shares

	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Amount (₹ lakhs)	No. of shares	Amount (₹ lakhs)
Equity shares				
At the beginning of the year	**1,00,00,000**	**1,000.00**	1,00,00,000	1,000.00
Issued during the year	**-**	**-**	-	-
Outstanding at the end of the year	**1,00,00,000**	**1,000.00**	1,00,00,000	1,000.00

ii) Rights, preferences and restrictions attached to shares

Equity shares

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held and carry a right to dividend. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

iii) Details of shares held by shareholders holding more than 5% of the aggregate Shares in the Company

Equity shares

	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Holding	No. of shares	Holding
Tata Consultancy Services Limited (Holding company)	**51,00,000**	**51%**	51,00,000	51%
State Bank Of India	**49,00,000**	**49%**	49,00,000	49%
	1,00,00,000	**100%**	1,00,00,000	100%

Notes forming part of the Financial Statements

12) OTHER EQUITY

Other equity consist of the following :

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Surplus in statement of profit and loss		
Opening balance	**12,115.47**	11,081.71
Add : Profit for the year	**5,483.57**	3,414.37
Less : Remeasurement of defined employee benefit transferred to statement of profit and loss	**22.36**	26.54
Less : Dividend on equity shares (including tax on dividend)	**(2,046.08)**	(2,407.15)
	15,575.32	12,115.47

13) BORROWINGS

Borrowing consists of the following :

Borrowing - non-current

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Secured Loans		
Long term maturities of obligation under finance lease	**-**	0.40
	0.00	0.40

Obligations under finance lease are secured against property, plant and equipment obtained under finance lease arrangements. Each finance lease obligation is repayable by way of 60 equated monthly installments .

14) FINANCIAL LIABILITIES

Other financial liabilities consists of the following :

Finanancial liability - current

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Current maturities of finance lease obligations	**123.00**	287.27
(b) Accrued Payroll	**76.00**	-
(c) Interest accrued but not due	**36.00**	-
	234.00	287.27

15) OTHER LIABILITIES

Other liabilities consists of the following :

(i) Other liabilities - non-current

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Operating lease liabilities	**2.80**	11.89
(b) Interest accrued but not due	**-**	0.24
	2.80	12.13

Notes forming part of the Financial Statements

(ii) Other liabilities - current

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Advance received from customers	**144.49**	1,159.96
(b) Indirect tax payable and other statutory liabilities	**720.79**	-
(c) Operating lease liabilities	**11.89**	14.26
(d) Interest accrued but not due	**96.73**	91.41
	973.90	1,265.63

16) REVENUE FROM OPERATIONS

Revenue from operations consist of the following:

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Information technology and consultancy services	**25,670.21**	24,959.20
(b) Sale of equipment	**93.94**	400.69
	25,764.15	25,359.89

17) OTHER INCOME

Other income (net) consist of the following:

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Interest income	**670.98**	722.42
(b) Exchange (loss)/gain (net)	**(2.99)**	(8.08)
(c) Loss on sale of property, plant and equipment	**-**	(0.15)
(d) Miscellaneous Income	**0.08**	0.18
	668.07	714.37
Interest income comprises :		
Interest on bank deposits	**546.77**	380.01
Interest on Inter Corporate deposit	**124.21**	86.37
Interest on Income Tax refund	**-**	256.04

18) EMPLOYEE BENEFITS

Employee benefit expenses consist of the following:

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Salaries, Incentives and allowances	**4,024.91**	3,731.56
(b) Contribution to provident and other funds	**203.57**	201.90
(c) Staff welfare expenses	**122.17**	100.42
	4,350.65	4,033.88

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Compensated absences	**40.25**	37.46
	40.25	37.46

Defined contribution plans

Provident fund

In accordance with Indian law, the Company is entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly.

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. The Company offers its employees defined contribution plan in the form of provident fund and family pension fund. Provident fund and family pension fund covers substantially all regular employees. While both, the employee and the Company pay predetermined contributions into the provident fund, contribution into the family pension fund are made by only the Company. The contribution is based on certain proportion of employee's salary. Contributions to Provident Fund are made to The Regional Provident Fund Commissioner for qualifying employees.

The Company contributed ₹ 144.57 lakhs (March 31, 2017: ₹ 140.59 lakhs) for provident fund during the year ended March, 31 2018.

Defined benefit plan

Gratuity

In accordance with Indian law, the Company operate a scheme of Gratuity which is a defined benefit plan and is wholly unfunded. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days' salary payable for each completed year of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

Notes forming part of the Financial Statements

The following table sets out the details of the defined benefit retirement plans and the amount recognised in the financial statements :

(₹ lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Change in benefit obligations		
Benefit obligations, beginning of the year	**176.33**	171.76
Current service cost	**32.11**	42.19
Interest cost	**11.90**	13.31
Benefits Paid	**(11.32)**	(10.34)
Actuarial (Gain)/Loss	**(34.20)**	(40.59)
Benefit obligations, end of the year	**174.82**	176.33
Change in plan assets:		
Fair value of plan assets, begining of the year		
Excess of obligation over plan assets	**174.82**	176.33
Gratuity	**174.82**	176.33
Service cost	**32.11**	42.19
Net interest on net defined benefit (assets)/liabilities	**11.90**	13.31
Net periodic gratuity cost	**44.01**	55.50
The assumptions used in accounting for the defined benefit plan are set out below :		
Discount rate	**7.75%**	6.75%
Salary escalation rate	**5.00%**	7.00%
Mortality Rate	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
Attrition rate		
i) If Services < = 5 years	**22.00%**	21.00%
ii) If Services > 5 years	**10.00%**	16.00%

Remeasurement of net defined benefit liabilit

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Actuarial (gains)/losses on obligation arising from changes in demographic assumptions	**(19.09)**	(17.63)
Actuarial (gains)/losses on obligation arising from changes in financial assumptions	**(20.21)**	(18.70)
Actuarial (gains)/losses on obligation arising from changes in experience adjustments	**5.10**	(4.26)
	(34.20)	(40.59)

The expected benefits are based on the same assumptions as used to measure the Company's defined benefit obligations.

Remeasurement (gain)/loss of the defined benefit obligation of (₹ 34.20 lakhs) and ₹ 40.59 lakhs for the years ended March 31, 2018 and March 31, 2017 has been accounted in other comprehensive income.

The significant actuarial assumptions for determination of defined benefit obligation are the 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 period, while holding all other assumptions constant.

If the discount rate increases/(decreases) by 0.50%, the defined benefit obligation would decrease by ₹ 5.26 lakhs (increase by ₹ 5.59 lakhs) as at March 31,2018. If the expected salary growth increases/(decreases) by 0.50%, the defined benefit obligations would increase by ₹ 5.72 lakhs (decrease by ₹ 5.42 lakhs) as at March 31, 2018.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the balance sheet.

The defined benefit obligations shall mature after year ended March 31, 2018 as follows :

(₹ lakhs)

Year ending March 31,	**Defined benefit obligation**
2019	**19.41**
2020	**21.23**
2021	**26.98**
2022	**27.46**
2023	**30.54**
Thereafter	**189.85**

19) OTHER EXPENSES

Other operating expenses consist of the following:

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Fees to External consultants	**1,638.57**	2,908.06
(b) Software and material costs	**4,115.47**	3,987.08
(c) Communication expenses	**4,202.13**	4,335.80
(d) Travelling and conveyance expenses	**68.19**	112.09
(e) Rent (refer note 26)	**2,113.26**	2,227.87
(f) Repairs and Maintenance	**381.73**	581.84
(g) Electricity expenses	**123.21**	329.33
(h) Bad debts written off, allowance for trade receivable and advance (net)	**22.97**	589.85
(i) Security charges	**35.99**	138.36
(j) Other expenses	**231.90**	237.12
	12,933.42	15,447.40

Other expenses includes expenditure on Corporate social responsibility of ₹ 99.06 lakhs (March 31, 2017 : ₹ 80.05 lakhs)

Notes forming part of the Financial Statements

20) AUDITOR'S REMUNERATION

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
For services as statutory auditors	4.10	14.00
For other services	2.00	3.00
For reimbursement of out-of-pocket expenses	-	0.59
For GST / Service tax	1.10	2.64
	7.20	20.23

Service tax/GST input credit has been /will be availed.

21) FINANCE COST

Finance costs consist of the following:

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest expense	47.25	73.17
	47.25	73.17

22) FINANCIAL INSTRUMENTS

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(k) to the financial statements.

(i) Financial assets and liabilities

The carrying value of financial instruments by categories as of March 31, 2018 is as follows :

(₹ lakhs)

	Fair value through Profit and Loss	Amortised cost	Total carrying value
Assets :			
Cash and cash equivalents	-	10,153.96	10,153.96
Trade receivables	-	4,972.72	4,972.72
Unbilled revenue	-	784.85	784.85
Loans	-	3,252.64	3,252.64
Other financial assets	-	559.23	559.23
Total	-	19,723.40	19,723.40
Liabilities :			
Trade and other payables	-	4,344.24	4,344.24
Borrowings	-	234.47	234.47
Total	-	4,578.71	4,578.71

Notes forming part of the Financial Statements

The carrying value of financial instruments by categories as of March 31, 2017 is as follows :

(₹ lakhs)

	Fair value through Profit and Loss	Amortised cost	Total carrying value
Assets :			
Cash and cash equivalents	-	10,052.63	10,052.63
Trade receivables	-	6,170.19	6,170.19
Unbilled revenue	-	1,082.95	1,082.95
Loans	-	1,004.84	1,004.84
Other financial assets	-	528.57	528.57
Total	-	18,839.18	18,839.18
Liabilities :			
Trade and other payables	-	5,303.68	5,303.68
Borrowings	-	287.67	287.67
Total	-	5,591.35	5,591.35

(ii) Financial risk management

The Company is exposed primarily to credit and liquidity risk which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

a) Interest rate risk

The Company investments are primarily in fixed rate interest bearing investments. Hence the company is not significantly exposed to interest rate risk.

b) 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.

c) 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, and other financial assets. Inter - corporate deposits are with a financial institution having a high credit - rating .

The Company's exposure to customers is diversified and there are no customers other than the Holding Company and the Investing Party who contribute to more than 10% of outstanding trade receivable and unbilled revenue as at March 31, 2018 and March 31, 2017. None of the other financial instruments of the Company result in material concentration of credit risk.

The Company has a geographic concentration of trade receivables, net of allowances and unbilled revenue in India.

Notes forming part of the Financial Statements

d) 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.

The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables provide details regarding the contractual maturities of sufficient financial

(₹ lakhs)

	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
March 31, 2018					
Trade and other payables	**4,344.24**	**-**	**-**	**-**	**4,344.24**
Borrowings	**234.47**	**-**	**-**	**-**	**234.47**
	4,578.71	**-**	**-**	**-**	**4,578.71**
March 31, 2017					
Trade and other payables	5,303.68	-	-	-	10,607.36
Borrowings	287.27	0.40	-	-	575.34
	5,590.95	0.40	-	-	5,591.35

e) Foreign currency risk

The group exposure to foreign currency risk is not material.

23) SEGMENT REPORTING

The Company has identified business segments (Industry practice) as its primary segment and geographic segment as its secondary segment.

Primary segment of the Company is Banking, Financial Services and Insurance (BFSI), which is considered as a single segment.

Secondary segment of the Company is India, where its customers are located which is considered as a single segment.

24) RELATED PARTY DISCLOSURES

The Company's material related party transactions and outstanding balances are with its holding company and investing party with whom the

Company routinely enters into transactions in the ordinary course of business.

a) Related Parties and their Relationship

Ultimate Holding Company	Tata Sons Limited
Holding Company	Tata Consultancy Services Limited
Fellow Subsidiaries	APTOnline Limited
Significant shareholder	State Bank of India
Key Management Personnel	Mr. N. Jambunathan - Chief Executive Officer
	Mr. Rohinton Peer - Chief Financial Officer
	Mr. Prakash Mehta - Company Secretary

Notes forming part of the Financial Statements

b) Transactions with the Related Parties

Transactions with related parties are as follows:

For the year ended March 31, 2018 and March 31, 2017

(₹ lakhs)

Particulars	Holding Company	Significant shareholder	Fellow Subsidiaries	Key Management Personnel - Mr. N. Jambunathan	Total
i) Revenues from operation	**6,739.15**	**607.77**	**-**	**-**	**7,346.92**
	5,862.05	2,827.80	-	-	8,689.85
ii) Managerial remuneration	**-**	**-**	**-**	**64.80**	**64.80**
	-	-	-	-	0.00
iii) Other operating expenses	**1,652.70**	**-**	**0.22**	**-**	**1,652.92**
	1,838.45	-	0.22	-	1,838.67
iv) Interest Income	**-**	**546.77**	**-**	**-**	**546.77**
	-	379.04	-	-	379.04
v) Dividend paid	**867.00**	**833.00**	**-**	**-**	**1,700.00**
	1,020.00	980.00	-	-	2,000.00

c) Balances with related parties

As at March 31, 2018 and March 31, 2017

(₹ lakhs)

Particulars	Holding Company	Significant shareholder	Fellow Subsidiaries	Key Management Personnel - Mr. N. Jambunathan	Total
1 Trade Payables	**209.39**	**-**	**-**	**16.80**	**226.19**
	743.74	-	-	-	743.74
2 Security Deposit	**-**	**-**	**-**	**-**	**-**
	-	-	10.00	-	10.00
3 Unbilled Revenue	**728.36**	**25.00**	**-**	**-**	**753.36**
	223.59	458.90	-	-	682.49
4 Trade Receivables	**2,698.33**	**423.70**	**-**	**-**	**3,122.03**
	2,183.67	1,277.53	-	-	3,461.20
5 Balances with bank	**-**	**10,153.96**	**-**	**-**	**10,153.96**
	-	10,052.63	-	-	10,052.63
6 Prepaid Expenses	**59.97**	**-**	**-**	**-**	**59.97**
	130.63	-	-	-	130.63
7 Interest Receivable	**-**	**189.51**	**-**	**-**	**189.51**
	-	187.09	-	-	187.09

The key manangement personnel of the Company are on deputation from and draw remuneration from Tata Consultancy Services Limited. Service charges are payable by the Company to Tata Consultancy Services Limited.

Notes forming part of the Financial Statements

25) LEASES

The Company has taken on lease properties under operating lease arrangements. Most of the leases include renewal and escalation clauses.

The following is a summary of future minimum lease rental commitments towards non-cancellable operating leases

Operating lease

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Due within one year	**387.73**	378.38
Due in period between one year and five years	**287.85**	315.32
Total minimum lease commitments	**675.58**	693.70

Rent expense (including operating costs) of ₹ 391.84 lakhs (March 31, 2017 : ₹ 387.38 lakhs) in respect of obligation under non- cancellable operating leases and ₹ 1,721.42 lakhs (March 31, 2017 : ₹ 1,835.56) in respect of cancellable operating leases have been charged to the statement of profit and loss.

Finance leases

	As at March 31, 2018	As at March 31, 2017
Assets acquired under finance lease		
i) Minimum lease commitments:		
Due within one year of Balance sheet date	**122.62**	293.18
Due in period between one year and five years	**-**	0.40
Total	**122.62**	293.58
ii) Present value of minimum lease commitments:		
Due within one year of Balance sheet date	**122.62**	287.27
Due in period between one year and five years	**-**	0.40
Total	**122.62**	287.67

The finance lease options are renewable at the option of the lessee.

26) CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 1857.49 lakhs (March 31, 2017 : ₹ 28.73 lakhs)

27) SALE OF ATM BUSINESS

On 7th February 2011, the Company entered into an agreement, which was subsequent extended on 21 July 2014 and 12 April 2017, with State Bank of India (SBI) for managing 440 Automatic teller machines (ATM)s. On 28 March 2011, the Company entered into a finance lease agreement with First Leasing Company of India Limited (FLC) for procurement of the aforesaid ATMs. FLC was liquidated in June 2014, after which the Company has continued to pay lease rentals to Liquidator of FLC as appointed by the Chennai High Court.

On 1 August 2017, the Company entered into a Business Transfer Agreement (BTA) with Electronic Payment and Services Private Limited (EPS) to sell its SBI ATM business (business) at an agreed consideration of Rs 7.5 crores. Within 180 days from the BTA, the consideration was to be deposited by EPS in an Escrow account with Kotak Mahindra bank which will be released when the Company transfers the title of the assets and on execution of the confirmation agreement between EPS and SBI. The BTA provides for a further extension of the time period on such terms as may be mutually agreed between the Company and EPS.

Notes forming part of the Financial Statements

On 14 March 2018, the period of 180 days as per the BTA has expired. The agreement between EPS and SBI has not been consummated since the transfer of title of ATM assets is pending with the Chennai High Court. Subsequent to 31 March 2018, the Company has obtained a letter of intent from EPS to continue the contract.

As at 31 March 2018, no effect of the above transaction has been effect in the financial statements since the transfer of title of ATM assets has not taken place. As per the terms of the contract, if the agreement being terminated, the agreement provides that both the parties will mutually agree a fair value consideration to transferred by EPS to C-edge. The method of calculating the fair value has not been mentioned in the contract, in the absence of which the management is unable to determine the consideration for use of its assets by EPS. Accordingly, no revenue has been recognised

28) There are no dues to micro and small enterprises registered under Micro, Small and Medium Enterprises Development Act, 2006 for the current and previous year.

29) NEW STANDARDS NOT YET ADOPTED:

Ind AS 115, Revenue from contract with customers, The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of this Standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new guidance also addresses the accounting for some costs to obtain or fulfill a customer contract and provides a set of disclosure requirements intended to give financial statement users comprehensive information about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. The Company is currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

30) SUBSEQUENT EVENT:

Dividend paid during the year ended March 31, 2018 pertains to final dividend for the year ended March 31, 2017.

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. Accordingly the Retained Earnings reported in these financial statements may not be fully distributable. As at March 31, 2018, income (net of dividend tax) available for distribution were ₹ 15,575.32 lakhs. On April 12, 2018 the Board of Directors of the Company have proposed a final dividend of ₹ 25 per equity share in respect of the year ended March 31, 2018 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 3013.88 lakhs inclusive of dividend distribution tax of ₹ 513.88 lakhs.

As per our report of even date attached

For and on behalf of the Board of Directors' of
C - Edge Technologies Limited

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number : 101248W/W-100022

BALAJIRAO POTHANA
Partner
Membership number : 122632

VISHWANATHAN IYER
Director

MRUTYUNJAY MAHAPATRA
Director

AJOYENDRA MUKHERJEE
Director

DHANANJAYA TAMBE
Director

JAMBUNATHAN NARAYANAN
Chief Executive Officer

PRAKASH MEHTA
Company Secretary

ROHINTON PEER
Chief Financial Officer

Mumbai, April 12, 2018

MAHAONLINE LIMITED

(CIN: U72900MH2010PLC206026)

FINANCIAL STATEMENTS

For the year ended
March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

CONTENT	PAGE

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHAONLINE LIMITED

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of MahaOnline Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, 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") prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Other Matters

Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 15 April 2017 on the Ind AS financial statements of the Company for the year ended 31 March 2017.

Our opinion on the Ind AS financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, the 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 Ind AS financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 28 to the Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2018.

      iv. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai, April 11, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report the following:

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

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, fixed assets were physically verified during the year by the management and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.

2. The Company is a service company, engaged in the business of development, maintenance and management of MahaOnline portal for providing web based services by government to citizen, government to business and other portfolio services of government. Accordingly, it does not hold any physical inventory. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

3. 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, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or securities to the parties covered under Section 185 and 186 of the Act during the year.

5. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Sections 73 to 76 of the Act or any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

6. The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the services/activities rendered by the Company.

7. (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, Income-tax, Sales tax, Service tax, Goods and Services tax, Value added tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of Customs and duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Services tax, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or Value added tax which have not been deposited by the Company on account of disputes, except for the following:

Name of Statue	Nature of the Dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Demand received u/s 143(3) of the Income-tax Act, 1961	5.61	AY 2012-13	Commissioner of Income-tax (Appeals)
Income-tax Act,1961	Demand received u/s 143(3) of the Income-tax Act, 1961	6.05	AY 2013-14	Commissioner of Income-tax (Appeals)
Finance Act, 1994	Service tax	62.71	FY 2011-12 to FY 2014-15	Commissioner of Service tax (Appeals)

8. In our opinion and according to the information and explanations given to us, the Company does not have any outstanding loans or borrowings from any financial institutions or bank or Government or dues to debenture holders during the years.

9. In our opinion and according to the information and explanations given to us, the Company did not raise any 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.

10. To the best of our knowledge 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 course of our audit.

11. In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

13. According to the information and explanations given to us and based on our examination of the records of the Company, all 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 Ind AS financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

16. 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 to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai, April 11, 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of MahaOnline Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai, April 11, 2018

Balance Sheet

(₹ Lakhs)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3(A)	**190.36**	268.36
(b) Intangible assets	3(B)	**-**	-
(c) Financial assets			
Other financial assets	4(A)	**114.56**	136.60
(d) Income-tax assets (net)		**1,247.16**	1,586.69
(e) Deferred tax assets (net)	5	**188.57**	131.76
(f) Other assets	6(A)	**29.87**	47.13
Total non-current assets		**1,770.52**	2,170.54
Current assets			
(a) Financial assets			
(i) Investments	7	**-**	4,522.40
(ii) Trade receivables	8	**1,742.47**	2,521.62
(iii) Unbilled revenue		**64.12**	103.01
(iv) Cash and cash equivalents	9	**7,540.09**	1,774.25
(v) Other balances with banks	10	**3,493.72**	1,727.32
(vi) Other financial assets	4(B)	**77.25**	182.08
(b) Other assets	6(B)	**282.11**	458.07
Total current assets		**13,199.76**	11,288.75
TOTAL ASSETS		**14,970.28**	13,459.29
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	11	**255.27**	255.27
(b) Other equity	12	**5,588.61**	4,341.26
Total Equity		**5,843.88**	4,596.53
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	13(i)	**43.00**	43.10
(b) Employee benefit obligations	14(i)	**39.43**	33.84
(c) Other liabilities		**18.61**	14.63
Total non-current liabilities		**101.04**	91.57
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	15	**3,078.14**	4,123.04
(ii) Other financial liabilities	13(ii)	**5,582.46**	4,480.67
(b) Unearned and deferred revenue		**52.07**	18.68
(c) Income tax liabilities (net)		**-**	-
(d) Employee benefit obligations	14(ii)	**12.13**	17.78
(e) Other liabilities	16	**300.56**	131.02
Total current liabilities		**9,025.36**	8,771.19
TOTAL EQUITY AND LIABILITIES		**14,970.28**	13,459.29
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-31		

As per our report of even date attached

For and on behalf of the Board of Directors of MahaOnline Limited

For B S R & Co. LLP
Chartered Accountants
Firm's registration no.101248W/W-100022

Sumit Mullick
Director

Lakshminarayanan G S
Director

Rajesh Mehra
Partner
Membership No: 103145
Mumbai, April 11, 2018

Prasad Kolte
Chief Operating Officer

Vivek Agarwal
Company Secretary

Statement of Profit and Loss

(₹ Lakhs)

		Note	Year ended March 31, 2018	Year ended March 31, 2017
I.	Revenue from operations	17	**10,388.71**	6,939.18
II.	Other income	18	**345.15**	326.33
III.	TOTAL INCOME		**10,733.86**	7,265.51
IV.	**Expenses**			
	(a) Employee benefit expenses	19	**563.39**	810.09
	(b) Other operating expenses	20	**7,760.36**	5,622.65
	(c) Finance costs	21	**3.55**	0.18
	(d) Depreciation	3	**98.42**	130.97
	TOTAL EXPENSES		**8,425.72**	6,563.89
V.	PROFIT BEFORE TAX		**2,308.14**	701.62
VI.	**Tax expense**			
	(a) Current tax	5	**873.90**	275.35
	(b) Deferred tax credit	5	**(57.42)**	(43.60)
	TOTAL TAX EXPENSE		**816.48**	231.75
VII.	PROFIT FOR THE YEAR		**1,491.66**	469.87
VIII.	OTHER COMPREHENSIVE INCOME			
	(i) Items that will not be reclassified subsequently to the profit and loss			
	Remeasurement of defined employee benefit plans		**2.09**	(4.41)
	(ii) Income-tax on items that will not be reclassified subsequently to the profit or loss		**(0.61)**	1.53
	TOTAL OTHER COMPREHENSIVE INCOME		**1.48**	(2.88)
IX.	TOTAL COMPREHENSIVE INCOME NET OF TAXES		**1,493.14**	466.99
X.	Earnings per equity share- Basic and diluted (₹)	22	**58.43**	18.40
	Face value per equity share (₹)		**10**	10
XI.	NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-31		

As per our report of even date attached

For and on behalf of the Board of Directors of MahaOnline Limited

For B S R & Co. LLP
Chartered Accountants
Firm's registration no.101248W/W-100022

Sumit Mullick
Director

Lakshminarayanan G S
Director

Rajesh Mehra
Partner
Membership No: 103145
Mumbai, April 11, 2018

Prasad Kolte
Chief Operating Officer

Vivek Agarwal
Company Secretary

Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(₹ Lakhs)

Balance as on April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
255.27	-	255.27

(₹ Lakhs)

Balance as on April 1, 2017	**Changes in equity share capital during the year**	**Balance as at March 31, 2018**
255.27	**-**	**255.27**

B. OTHER EQUITY

(₹ Lakhs)

		Retained earnings	Total Other Equity
Balance as at April 1, 2016		3,874.27	3,874.27
Profit for the year		469.87	469.87
Other Comprehensive income		(2.88)	(2.88)
Total Comprehensive income		4,341.26	4,341.26
Balance as at March 31, 2017		4,341.26	4,341.26
Balance as at April 1, 2017		**4,341.26**	**4,341.26**
Profit for the year		**1,491.66**	**1,491.66**
Other comprehensive income		**1.48**	**1.48**
Total comprehensive income		**5,834.40**	**5,834.40**
Dividend		**204.22**	**204.22**
Dividend distribution tax		**41.57**	**41.57**
Balances as at March 31, 2018		**5,588.61**	**5,588.61**
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-31		

As per our report of even date attached

For and on behalf of the Board of Directors of MahaOnline Limited

For B S R & Co. LLP
Chartered Accountants
Firm's registration no.101248W/W-100022

Sumit Mullick
Director

Lakshminarayanan G S
Director

Rajesh Mehra
Partner
Membership No: 103145
Mumbai, April 11, 2018

Prasad Kolte
Chief Operating Officer

Vivek Agarwal
Company Secretary

Statement of Cash Flow

(₹ Lakhs)

		Year ended March 31, 2018	Year ended March 31, 2017
I CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**1,491.66**	469.87
Adjustments to reconcile profit and loss to net cash provided by operating activities			
Depreciation		**98.42**	130.97
Interest Income		**(245.51)**	(303.88)
Profit on sale of fixed assets (net)		**-**	-
Gain on investments measured at fair value through profit and loss		**(62.41)**	(22.40)
Income-tax expenses		**817.70**	231.75
Bad debts written off		**50.78**	113.39
Provision for doubtful debts (net)		**156.01**	104.06
Operating profit before working capital changes		**2,306.65**	723.76
Net change in			
Trade receivables		**572.35**	1,668.44
Unbilled revenue		**38.90**	321.22
Other financial assets		**117.40**	(99.90)
Other assets		**193.22**	1,065.48
Trade payables		**(1,044.85)**	(1,684.34)
Employee benefit obligations		**2.02**	-
Other financial liabilities		**1,107.79**	2,273.48
Other liabilities		**173.52**	(169.35)
Unearned Revenue		**33.39**	4.93
Cash generated from operations		**3,500.39**	4,103.72
Taxes paid (net of refund)		**(535.61)**	(409.65)
Net cash provided by operating activities		**2,964.78**	3,694.07
II CASH FLOWS FROM INVESTING ACTIVITIES			
Bank deposits placed		**(4,587.33)**	(1,740.16)
Purchase of mutual fund units		**-**	(4,500.00)
Payment for purchase of property, plant and equipment		**(26.57)**	(44.15)
Proceeds from bank deposits		**2,820.92**	1,609.27
Redemption of mutual fund units		**4,584.81**	-
Proceeds from disposal of property, plant and equipment		**0.04**	-
Interest Received		**254.98**	232.35
Net cash provided by/ (used in) investing activities		**3,046.85**	(4,442.69)
III CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid (including dividend tax)		**(245.79)**	-
Net cash used in financing activities		**(245.79)**	-
Net change in cash and cash equivalents		**5,765.84**	(748.62)
Cash and cash equivalents at the beginning of the year		**1,774.25**	2,522.87
Cash and cash equivalents at the end of the year as per Note 10		**7,540.09**	1,774.25
IV NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-31		

As per our report of even date attached

For and on behalf of the Board of Directors of MahaOnline Limited

For B S R & Co. LLP
Chartered Accountants
Firm's registration no.101248W/W-100022

Sumit Mullick
Director

Lakshminarayanan G S
Director

Rajesh Mehra
Partner
Membership No: 103145
Mumbai, April 11, 2018

Prasad Kolte
Chief Operating Officer

Vivek Agarwal
Company Secretary

Notes forming part of the Financial Statements

1 CORPORATE INFORMATION

MahaOnline Limited (hereinafter referred as 'the Company') provides information technology (IT) and IT enabled services in the State of Maharashtra. The Company is engaged into the business of development, maintenance and management of MahaOnline portals for providing web-based services by Government to Citizens (G2C), Government to Business and other portal services of Government of Maharashtra.

The Company is unlisted public limited company incorporated and domiciled in India. The address of its registered office is Directorate of Information Technology, Mantralaya Annex, 7th Floor, Mumbai - 400032 and corporate office is 5th floor, Trade World, D-Wing, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai 400013. Tata Consultancy Services Limited (TCS), the holding company owns 74% of the Company's equity share capital. Tata Sons Limited is the ultimate parent. The Company is a joint venture between TCS and Government of Maharashtra. The joint venture agreement is valid for 10 years till July 27, 2020.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on April 11, 2018.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These 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 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

b) Basis of preparation

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.

c) Use of estimates and judgements

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

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.

Key source of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities as discussed below. Key source of estimation of uncertainty in respect of revenue recognition, employee benefits and financial instruments have been discussed in their respective policies.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2 (g).

Provisions and contingent liabilities

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 a reliable estimate can be made.

Provisions (excluding retirement benefits and compensated absences and long service awards) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Fair value measurement of financial instruments

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

Defined benefit plan

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. 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.

d) Revenue Recognition

In respect of payment gateway, e-Commerce Portal Service, revenue is recognised upon processing of the transactions (such as payment of online ticket booking, accepting the online applications, etc.) through the portal.

Revenue on rendering of services is recognised in the statement of profit and loss only when the services under the contract is completed or substantially completed.

Revenues from contracts priced on a time and material basis, where there is no uncertainty as to measurement and collectability of consideration, are recognised when services are rendered and related costs are incurred.

Revenues from the sale of equipment are recognised upon delivery, which is when title passes to the customer.

Revenues from sale of software licenses are recognised on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers and where there is no customization required.

All revenues are recognised only when collectability of the resulting receivable is reasonably assured, and are reported net of discounts and indirect taxes.

Interest income is recognised using effective interest method.

e) Leases

Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in the statement of profit and loss , unless the lease agreement explicitly states that increase is on account of inflation.

f) Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the Company are broadly categorised in employee benefit expenses, depreciation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses majorly include fees to external consultants, commission, facility running expenses, travel expenses, cost of equipment and software licenses, communication costs, bad debts and allowances for doubtful trade receivables and other expenses. Other expenses is an aggregation of costs which are individually not material such as recruitment and training, entertainment etc.

Notes forming part of the Financial Statements

g) Income taxes

Income-tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and 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.

Current income taxes

Current tax is measured based on applicable tax rates and is computed in accordance with the Income-tax Act, 1961.

Advance taxes and Provision for current income taxes are presented in the balance sheet after offsetting advance tax paid and income- tax provision pertaining to the same assessment year.

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 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.

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 expense.

h) 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.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at fair value through other comprehensive income

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.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading.

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 profit or loss

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 liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is recognised by the Company at the proceeds net of direct issue cost.

i) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any.

Depreciation is provided for property, plant and equipment on straight line method so as to expense the cost over their estimated useful lives based on evaluation. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Type of the Asset	Useful life
Computers and Servers	4 years
Office Equipments	5-10 years
Computer Software	4 years
Furniture and Fixtures	5 years
Leasehold improvements	Lease period

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in schedule II of the Companies Act, 2013 except in respect of the Computers and Furniture and Fixtures, in whose case the life of the assets has been assessed based on an evaluation.

Intangible assets purchased are stated at cost less accumulated amortisation and impairment loss if any. It consist of software licences and the same is amortised on straight line basis over useful life of 4 years.

Capital work-in-progress

Project under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

j) Impairment

i. Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii. Non-financial assets

Tangible and intangible 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

Notes forming part of the Financial Statements

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.

k) Employee benefits

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 the date of each balance sheet date. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

b) Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

c) Compensated absences

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 recognised as an actuarially determined liability at the present value of the obligation at the balance sheet date.

l) Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.

3 (A) PROPERTY, PLANT & EQUIPMENT

Property, plant & equipment consist of the following:

(₹ Lakhs)

Description	Leasehold improvements	Computer equipment	Furniture and fixtures	Office equipment	Electrical installations	Total
Cost as of April 1, 2017	10.74	529.63	69.57	54.49	64.92	729.35
Additions	-	19.98	-	0.44	-	20.42
Disposals	-	(12.84)	-	-	-	(12.84)
Cost as of March 31, 2018	10.74	536.77	69.57	54.93	64.92	736.93
Accumulated depreciation as of April 1, 2017	(2.50)	(408.43)	(17.84)	(17.11)	(15.11)	(460.99)
Depreciation for the year	(2.15)	(59.42)	(13.75)	(10.12)	(12.98)	(98.42)
Disposals	-	12.84	-	-	-	12.84
Accumulated depreciation as of March 31, 2018	(4.65)	(455.01)	(31.59)	(27.23)	(28.09)	(546.57)
Net carrying amount as of March 31, 2018	6.09	81.76	37.98	27.70	36.83	190.36

Notes forming part of the Financial Statements

Description	Leasehold improvements	Computer equipment	Furniture and fixtures	Office equipment	Electrical installations	Total
Cost as of April 1, 2016	10.74	480.10	69.57	53.81	64.92	679.14
Additions	-	49.53	-	0.68	-	50.21
Disposals	-	-	-	-	-	-
Cost as of March 31, 2017	10.74	529.63	69.57	54.49	64.92	729.35
Accumulated depreciation as of April 1, 2016	(0.35)	(322.38)	(3.78)	(6.57)	(2.13)	(335.21)
Depreciation for the year	(2.15)	(86.05)	(14.06)	(10.54)	(12.98)	(125.78)
Disposals	-	-	-	-	-	-
Accumulated depreciation as of March 31, 2017	(2.50)	(408.43)	(17.84)	(17.11)	(15.11)	(460.99)
Net carrying amount as of March 31, 2017	8.24	121.20	51.73	37.38	49.81	268.36

3 (B) INTANGIBLE ASSETS

(₹ Lakhs)

Description	Softwares licenses
Cost as of April 1, 2017	**30.33**
Additions	-
Disposals	-
Cost as of March 31, 2018	**30.33**
Accumulated depreciation as of April 1, 2017	**(30.33)**
Depreciation for the year	-
Disposals	-
Accumulated depreciation as of March 31, 2018	**(30.33)**
Net carrying amount as of March 31, 2018	**-**

(₹ Lakhs)

Description	Softwares licenses
Cost as of April 1, 2016	30.33
Additions	-
Disposals	-
Cost as of March 31, 2017	30.33
Accumulated depreciation as of April 1, 2016	(25.14)
Depreciation for the year	(5.19)
Disposals	-
Accumulated depreciation as of March 31, 2017	(30.33)
Net carrying amount as of March 31, 2017	-

Notes forming part of the Financial Statements

4 OTHER FINANCIAL ASSETS

Other financial assets consist of the following:

(A) NON-CURRENT FINANCIAL ASSETS

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Security deposits	**114.56**	136.60
	114.56	136.60

(B) CURRENT FINANCIAL ASSETS

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Security deposits	**5.00**	100.36
(b) Interest receivable	**72.25**	81.72
	77.25	182.08

5 INCOME-TAXES

Income-tax expense consist of the following:

(₹ Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax		
Current tax expenses for current year	**873.90**	284.37
Current tax expenses/(benefit) pertaining to prior years	**-**	(9.02)
	873.90	275.35
Deferred tax benefit	**(57.42)**	(43.60)
Total income-tax expense recognised in current year	**816.48**	231.75

The reconciliation of esmitmated income-tax expenses at indian statutory income-tax rate to income-tax expenses reported in statement of profit and loss is as follows:

(₹ Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit before income-taxes	**2,308.14**	701.62
Indian statutory income-tax rate	**34.608%**	33.063%
Expected income-tax expense	**798.80**	231.98
Tax effect of adjustments to reconcile expected income-tax expense to reported income-tax expense:		
Disallowance u/s.37	**6.76**	6.30
Capital Expenditure	**(17.17)**	-
Disallowance u/s.40(a)	**26.25**	-
Others (net)	**1.84**	(6.53)
Total income-tax expense	**816.48**	231.75

DEFERRED TAX BALANCES

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

(₹ Lakhs)

	Opening balance	Recognised / reversed through profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax assets / (liabilities) in relation to:				
Property, plant and equipment	(18.20)	25.35	-	7.15
Provision for employee benefits	16.57	(1.75)	-	14.82
Operating lease liabilities	4.84	2.51	-	7.35
Provision for doubtful receivables	128.55	30.10	-	158.65
Net deferred tax assets / (liabilities)	131.76	56.21	-	187.97

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

(₹ Lakhs)

	Opening balance	Recognised / reversed through profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax assets / (liabilities) in relation to:				
Property, plant and equipment	(32.66)	14.46	-	(18.20)
Provision for employee benefits	19.35	(4.31)	1.53	16.57
Operating lease liabilities	1.40	3.44	-	4.84
Provision for doubtful receivables	98.54	30.01	-	128.55
Net deferred tax assets / (liabilities)	86.63	43.60	1.53	131.76

Deferred tax balances

(A) Deferred tax assets

(₹ Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Employee benefits	14.82	16.57
(b) Provision for doubtful receivables	158.65	128.55
(c) Operating lease liabilities	7.35	4.84
(d) Depreciation	7.15	-
Total	187.97	149.96

(B) Deferred tax liabilities

(₹ Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Depreciation	-	(18.20)
Total	-	(18.20)
Net	187.97	131.76

Notes forming part of the Financial Statements

6 OTHER ASSETS

Other assets consist of the following:

(A) Other non-current assets

(₹ Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Considered good		
(a) Prepaid expenses	**29.87**	47.13
	29.87	47.13

(B) Other current assets

(₹ Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) **Considered good**		
(i) Prepaid expenses	**58.42**	61.04
(ii) Indirect tax recoverable	**223.19**	388.93
(iii) Advances to suppliers	**0.50**	8.10
(b) **Considered doubtful**	**-**	84.06
Less:- Allowance on doubtful assets	**-**	(84.06)
	282.11	458.07

7 INVESTMENTS

(₹ Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Investment carried at fair value through profit and loss		
Investment in Mutual Funds (Unquoted):		
Tata Money Market Fund Direct Plan - Growth	**-**	2,508.25
Tata Liquid Fund Direct Plan - Growth	**-**	2,014.15
	-	4,522.40

	Year ended March 31, 2018	
	Units	**NAV**
Tata Money Market Fund Direct Plan - Growth	**-**	**-**
Tata Liquid Fund Direct Plan - Growth	**-**	**-**

	Year ended March 31, 2017	
	Units	NAV
Tata Money Market Fund Direct Plan - Growth	2,563.0387	97,862.365
Tata Liquid Fund Direct Plan - Growth	2,999.5705	67,147.956

8 TRADE RECEIVABLES (UNSECURED):

Trade receivables (unsecured) consist of the following:

(₹ Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
i)Considered good	**1,742.47**	2,521.62
ii)Considered doubtful	**544.82**	388.81
	2,287.29	2,910.43
Less: Allowance for doubtful trade receivables (Net)	**(544.82)**	(388.81)
	1,742.47	2,521.62

Note:-

i) The Company has adopted no credit period policy and hence invoices are immediately due.

ii) Rural Development Department ('RDD') of Government of Maharashtra ('GoM') had awarded the contract for the implementation of the e-Panchayat Raj Institution (e-PRI) project. The Company had subcontracted the work to Unity Telecom Infrastructure Limited ("Unity") and agreed that the Company would pay Unity only on receipt collection from RDD. The e-PRI project was discontinued by customer, RDD wef December 31, 2015 and further work was suspended. Accordingly the Company has issued discontinuance letter to Unity.

Consequently, the Company has carried out the reconciliations of its outstanding receivables with respective districts and noted that amounts aggregating ₹ 1,753.78 lakhs was disagreed by the customer. Hence the Company in the year 2016-17, has written off ₹ 1,753.78 lakhs and correspondingly written back payable of ₹ 1,640.31 lakhs to Unity.

Out of balance receivables of ₹ 1,711.18 lakhs as at March 31, 2017, the Company has received the confirmation letter dated March 30, 2017 from the customer confirming amount of ₹ 989.32 lakhs and hence the Company has made provision for doubtful debts of ₹ 41.76 lakhs on margin on unconfirmed balance receivables of ₹ 721.86 lakhs.

During the year Company has collected ₹ 994.92 lakhs against the outstanding of ₹ 1,711.18 lakhs. ₹ 716.28 lakhs are still receivable from RDD and corresponding payable to Unity are also withheld as per the payment terms of the contract.

9 CASH AND CASH EQUIVALENTS

Cash and cash equivalent consist of the following:

(₹ Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Balances with banks		
In current accounts	**7,539.77**	1,773.90
(b) Cash on hand	**0.32**	0.35
	7,540.09	1,774.25

Notes forming part of the Financial Statements

10 OTHER BALENCES WITH BANK

Other balances with banks consist of the following:

(₹ Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Short-term bank deposits	**3,141.37**	1,360.41
(b) Earmarked balances with banks (Balances held as margin money against guarantees)	**352.35**	366.91
	3,493.72	1,727.32

11 SHARE CAPITAL

The Authorised, Issued, Subscribed and Fully paid-up share capital comprises of equity shares having par value of ₹ 10 each as follows :

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017
(a)Authorised :		
2,50,00,000 equity shares of ₹ 10 each	**2,500.00**	2,500.00
(March 31, 2017 : 2,50,00,000 equity shares of ₹ 10 each)		
	2,500.00	2,500.00
(b)Issued, Subscribed and Fully paid-up:		
25,52,705 equity shares of ₹ 10 each	**255.27**	255.27
(March 31, 2017 : 25,52,705 equity shares of ₹ 10 each)		
	255.27	255.27

Out of the above, 18,89,005 (As at March 31, 2017: 18,89,005) Equity Shares of ₹ 10 each are held by Tata Consultancy Services Limited, the Holding Company.

(i) Reconciliation of number of shares

	As at March 31, 2018		As at March 31, 2017	
	No. of Equity shares	(₹ lakhs)	No. of Equity shares	(₹ lakhs)
At the beginning of the year	**25,52,705**	**255.27**	25,52,705	255.27
Issued during the year	**-**	**-**	-	-
Outstanding at the end of the year	**25,52,705**	**255.27**	25,52,705	255.27

(ii) Rights, Preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Details of shares held by shareholders holding more than 5% of the aggregate Shares in the Company

	As at March 31, 2018		As at March 31, 2017	
	No. of Equity shares	Holding	No. of Equity shares	Holding
Tata Consultancy Services Limited (Holding company)	**18,89,005**	**74%**	18,89,005	74%
Governor, Government of Maharashtra	**6,63,700**	**26%**	6,63,700	26%
	25,52,705	**100%**	25,52,705	100%

12 OTHER EQUITY

Other equity consists of the following:

(₹ Lakhs)

	Reserves and surplus Retained earnings
Balance as at April 1, 2017	**4,341.26**
Profit for the year	**1,491.66**
Other comprehensive income	**1.48**
Total comprehensive income	**1,493.14**
Dividend	**(204.22)**
Tax on dividend	**(41.57)**
Balance as at March 31, 2018	**5,588.61**

(₹ Lakhs)

	Reserves and surplus Retained earnings
Balance as at April 1, 2016	3,874.27
Profit for the year	469.87
Other comprehensive income	(2.88)
Total comprehensive income	466.99
Balance as at March 31, 2017	4,341.26

13 OTHER FINANCIAL LIABILITIES

Other financial liabilities consist of the following:

(i) Other non-current financial liabilities

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Security deposits received	**43.00**	43.10
	43.00	43.10

Notes forming part of the Financial Statements

(ii) Other current financial liabilities

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Amounts collected on behalf of customers	**5,434.82**	4,474.57
(b) Capital creditors	**-**	6.10
(c) Liabilites towards customers	**147.64**	-
	5,582.46	4,480.67

14 EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligation consists of the following:

i) Non-current employee benefit obligations

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017
(i) Provision for compensated absences	**16.15**	11.92
(ii) Provision for gratuity	**21.85**	20.12
(iii) Provision for long service awards	**1.43**	1.80
	39.43	33.84

i) Current employee benefit obligations

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017
(i) Provision for compensated absences	**8.34**	13.20
(ii) Provision for gratuity	**3.09**	3.44
(iii) Provision for long service awards	**0.70**	1.14
	12.13	17.78

15 TRADE PAYABLES

Trade payable consist of the following:

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Dues of Micro and small enterprises (refer note below)	**-**	-
(b) Others	**3,078.14**	4,123.04
	3,078.14	4,123.04

Note:

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. The Company has not received any memorandum (as required to be filed by the suppliers with notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) from vendor claiming the status as micro or small enterprises and hence, no disclosures have been made.

Notes forming part of the Financial Statements

16 OTHER LIABILITIES

Other liabilities consist of the following:

Other current liabilities

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Advance received from collection agencies	**131.74**	101.24
(b) Indirect taxes payable and other statutory liabilities	**162.21**	29.78
(c) Operating lease obligations for rent rationalisation	**6.61**	-
	300.56	131.02

17 REVENUE FROM OPERATIONS

Revenue from operations consists of the following:

(₹ Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Information technology and consultancy services	**9,961.35**	6,859.16
(b) Sale of equipment	**427.36**	80.02
	10,388.71	6,939.18

18 OTHER INCOME

Other Income consists of the following:

(₹ Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest income	**282.70**	303.87
(b) Net gain on investments carried at fair value through profit and loss	**62.41**	22.40
(c) Profit on sale of property, plant and equipment	**0.04**	-
(d) Miscellaneous income	**-**	0.06
	345.15	326.33
Interest income comprises :		
Interest on bank deposits	**245.51**	222.14
Interest on income-tax refund	**37.19**	81.73
	282.70	303.87

19 EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses consist of the following:

(₹ Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Salaries, Incentives and allowances	**510.82**	736.27
(b) Contribution to provident fund and other funds	**35.35**	50.03
(c) Staff welfare expenses	**17.22**	23.79
	563.39	810.09

Notes forming part of the Financial Statements

a) Defined contribution plans

The Company makes Provident fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits and thereafter the Company does not have any legal or informal obligation to pay additional sums. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company recognised ₹ 27.86 lakhs for March 31, 2018 (March 31, 2017: ₹ 43.58 lakhs) for provident fund contributions in the Statement of Profit and loss.

b) Defined benefit plans

Benefits under the Gratuity plan are typically based on years of service and the employee's compensation (immediate before separation). A Gratuity scheme covers all permanent employees. Commitments are actuarially determined at year-end. These commitments are valued at present value of expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the Actuary having regard to interest rate on government securities with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to other comprehensive income.

The following tables sets out the unfunded status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2018.

Change in benefit obligations:

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017
Present value of benefit obligation at the beginning of the year	**23.56**	14.23
Interest cost	**1.59**	1.07
Current service cost	**5.90**	5.38
Benefit paid	**(4.02)**	(1.53)
Remeasurement of net defined benefit liability / (assets)	**(2.09)**	4.41
Present value of benefit obligation at the end of the year	**24.94**	23.56

Remeasurement of the net defined benefit liability/(asset):

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017
Actuarial (gains) and losses arising from changes in demographic assumptions	**1.64**	0.72
Actuarial (gains) and losses arising from changes in financial assumptions	**(2.55)**	1.24
Actuarial (gains) and losses arising from changes in experience adjustments	**(1.18)**	2.45
Remeasurement of the net defined benefit liability	**(2.09)**	4.41
Remeasurement - return on plan assets excluding amount included in interest	**-**	-
Total	**(2.09)**	4.41

Assumptions used in accounting for gratuity plan:

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017
Discount rate	**7.25%**	6.75%
Salary escalation rate	**8.00%**	8.00%
Attrition rate		
i) If Services < 5 years	**37.22%**	30.14%
ii) If Services > 5 years	**10.00%**	10.00%

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 increase by ₹ 0.85 lakhs (decrease by ₹ 0.91 lakhs) as of March 31, 2018.

If the expected salary growth increases/ (decreases) by 0.50%, the defined benefit obligations would decrease by ₹ 0.90 lakhs (increase by ₹ 0.85 lakhs) as of March 31, 2018.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

Amount recognised in the Statement of Profit and Loss:

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017
Current Service Cost	**5.90**	5.38
Net Interest Expenses	**1.59**	1.07
Component of defined benefit cost recognised in profit or loss	**7.49**	6.45
Remeasurement of the net defined benefit liability/(asset):	**(2.09)**	4.41
Components of defined benefits cost recongnised in other comprehensive income	**(2.09)**	4.41
Total	**5.40**	10.86

Amount recognised in the Balance Sheet:

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017
Fair value of plan assets, end of the year	**-**	-
Present value of benefit obligation at the end of the year	**(24.94)**	(23.56)
Net (Liability) recognized In the Balance Sheet	**(24.94)**	(23.56)

The estimate of future salary increase considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Experience adjustments:

(₹ Lakhs)

	2017-18	2016-17	2015-16	2014-15	2013-14
Present value of defined benefit obligation (A)	**(24.94)**	(23.56)	14.23	12.00	4.67
Fair value of plan assets (B)	**-**	-	-	-	-
Funded status (A-B)	**(24.94)**	(23.56)	14.23	12.00	4.67
Experience (gain)/loss adjustments on plan liabilities	**(1.18)**	2.45	(1.52)	2.08	(0.99)
Experience gain/(loss) adjustments on plan assets	**-**	-	-	-	-

Notes forming part of the Financial Statements

20 OTHER OPERATING EXPENSES

Other operating expenses includes the following

(₹ Lakhs)

		For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	Fees to external consultants	**3,057.35**	763.00
(b)	Commission	**3,818.39**	3,653.06
(c)	Equipment and software licenses	**57.60**	156.62
(d)	Communication expenses	**168.56**	100.64
(e)	Facility running expenses	**67.01**	65.70
(f)	Rent	**214.21**	206.67
(g)	Repairs and maintenance	**52.01**	37.29
(h)	Bad debts	**50.78**	113.39
(i)	Provision for doubtful debts (net)	**156.01**	104.06
(j)	Payment to auditors (refer note below)	**4.10**	7.58
(k)	Expenditure on Corporate Social Responsibility	**24.29**	28.60
(l)	Rates and taxes	**3.32**	278.61
(m)	Other expenses	**86.73**	107.43
		7,760.36	5,622.65

Payment to auditors

(₹ Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
For services as auditors	**4.10**	7.50
For reimbursement of expenses	**-**	0.08
	4.10	7.58

21 FINANCE COSTS

(₹ Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense	**-**	-
(i) Interest on delayed payment of service tax,CST and VAT	**-**	0.18
(ii) Interest on delayed payment of GST	**2.98**	-
(iii) Interest on delayed payment of Other	**0.57**	-
	3.55	0.18

22 EARNINGS PER SHARE

	For the year ended March 31, 2018	For the year ended March 31, 2017
Basic and diluted		
Amount available for equity share holders (₹ Lakhs)	**1,491.66**	469.87
Weighted average no. of shares outstanding during the year	**25,52,705**	25,52,705
Earnings per share basic and diluted (in ₹)	**58.43**	18.40
Face value per Equity share (in ₹)	**10**	10

23 LEASES

The Company has entered into operating lease arrangements for office premises. The lease is non-cancellable and is for a period of 5 years and may be renewed for a further period based on mutual agreement of the parties. Lease rental is payable at an escalated rate of 15% after the end of 3 years starting from the month of October 2018.

The following is a summary of future minimum lease rental commitments towards non-cancellable operating lease leases and finance leases:

(₹ Lakhs)

	As at March 31, 2018	As at March 31, 2017
Future minimum lease payments		
Not later than one year	**190.59**	190.59
Later than one year but not later than five years	**310.69**	501.28
Later than five years	**-**	-
Total	**501.28**	691.87

Lease payment recognised in the statement of profit and loss ₹ 214.21 lakhs for March 31, 2018 (March 31, 2017 ₹ 206.67 lakhs)

24 FINANCIAL INSTRUMENTS

a) Financial assets and liabilities

The carrying value of financial instruments by categories as of March 31, 2018 is as follows:

(₹ Lakhs)

	Fair value through profit or loss	Amortised cost	Total carrying value
Financial assets:			
Cash and cash equivalents	-	7,540.09	7,540.09
Other balances with bank	-	3,493.72	3,493.72
Trade receivables	-	1,742.47	1,742.47
Investments	-	-	-
Unbilled revenue		64.12	64.12
Other financial assets	-	191.81	191.81
Total	-	13,032.21	13,032.21
Financial liabilities:			
Trade and other payables	-	3,078.14	3,078.14
Other financial liabilities	-	5,625.46	5,625.46
Total	-	8,703.60	8,703.60

Notes forming part of the Financial Statements

The carrying value of financial instruments by categories as of March 31, 2017 is as follows:

(₹ Lakhs)

	Fair value through profit or loss	Amortised cost	Total carrying value
Financial assets:			
Cash and cash equivalents	-	1,774.25	1,774.25
Other balances with bank	-	1,727.32	1,727.32
Trade receivables	-	2,521.62	2,521.62
Investments	4,522.40	-	4,522.40
Unbilled revenue		103.01	103.01
Other financial assets	-	318.68	318.68
Total	4,522.40	6,444.88	10,967.28
Financial liabilities:			
Trade and other payables	-	4,123.04	4,123.04
Other financial liabilities	-	4,523.77	4,523.77
Total	-	8,646.81	8,646.81

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarises financial assets measured at fair value on a recurring basis.

(₹ Lakhs)

As of March 31, 2018:	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Mutual fund units	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**-**
As of March 31, 2017:	Level 1	Level 2	Level 3	Total
Financial assets:				
Mutual fund units	4,522.40	-	-	4,522.40
Total	4,522.40	-	-	4,522.40

b) Financial risk management:

The Company is exposed primarily to financial risk, credit risk and interest risks, which may adversely impact the fair value of its financial instruments. The Company's focus is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on its financial performance.

i) 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 change in financial instruments may result from changes in the credit rating and other market changes. The Company's exposure to the market risk is primarily on account of fluctuation in market rates of NAV of mutual funds.

ii) Interest rate risk

The fixed deposits made by the Company bears a fixed rate of interest. Hence the Company is not significantly expose to interest rate risk.

iii) 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.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments, cash and cash equivalents, bank deposits and other financial assets. Bank deposits amounts of ₹ 3493.72 lakhs held with Indian banks having high quality credit rating.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 13,032.21 lakhs and ₹ 10,967.28 lakhs as of March 31, 2018 and 2017, respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, unbilled revenue, other financial assets.

Of the trade receivables balance as at March 31, 2018, ₹ 716.28 lakhs and ₹ 502.77 lakhs, March 31, 2017 ₹ 1711.20 lakhs and ₹ 369.45 lakhs are due from Rural Development Department and Directorate of Information Technology respectively, the Companies largest customer. There are no other customer who represent more then 20% of the total trade receivables and UBR.

i) Geographic concentration of credit risk

The Company has a geographic concentration of trade receivables, net of allowances and unbilled revenue in India.

ii) 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 consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due. The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(₹ Lakhs)

March 31, 2018	**Due in 1st Year**	**Due in 2nd Year**	**Due in 3rd Year**	**Due in 4th Year**	**Due in 5th Year**	**Total**
Trade and other payables	**3,078.14**	**-**	**-**	**-**	**-**	**3,078.14**
Other financial liabilities	**5,625.46**	**-**	**-**	**-**	**-**	**5,625.46**
Total	**8,703.60**	**-**	**-**	**-**	**-**	**8,703.60**
March 31, 2017	Due in 1st Year	Due in 2nd Year	Due in 3rd Year	Due in 4th Year	Due in 5th Year	Total
Trade and other payables	4,123.04	-	-	-	-	4,123.04
Other financial liabilities	4,523.77	-	-	-	-	4,523.77
Total	8,646.81	-	-	-	-	8,646.81

Notes forming part of the Financial Statements

25 SEGMENT REPORTING

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 for assessing the Company's performance and allocating the resources based on an analysis of various performance indicators by business segments and geographic segments.

The Company has been operating largely in one business segment viz. development, maintenance and management of MahaOnline portal for providing web based services, development of application softwares and websites and such other ancillary services conducted only in the geographic segment viz. India. Therefore, the disclosure requirements of the Accounting Standard – 108 on Segment Reporting are not applicable.

For the year ended March 31 ,2018 there are three customers that contribute more than 10% each of total revenue.

26 RELATED PARTY DISCLOSURES

A Related Parties and their relationship

I. (A) Ultimate Holding Company

Tata Sons Limited

I. (B) Holding Company

Tata Consultancy Services Limited

II. Investing Party

Governor, Government of Maharashtra

III. Key Managerial Personnel

Mr. Prasad Parashram Kolte, Chief Operating Officer

B Transactions during the year ended and Balances as at March 31, 2018

Transactions with Related Parties

(₹ Lakhs)

	Year ended March 31, 2018			
	Holding Company	**Investing Party**	**Fellow Subsidiary Companies**	**Key Management Personnel**
Rendering of Services	**-**	**10,290.90**	**-**	**-**
Purchase of Goods, Services and other expenses	**1,990.54**	**1,377.06**	**-**	**-**
Reimbursement of expenses	**-**	**-**	**-**	**3.37**
Management contracts for deputation of employees (refer note below)	**38.40**	**-**	**-**	**-**
Security deposit placed	**-**	**5.00**	**-**	**-**

Note: This includes remuneration of ₹ 38,40,000 paid to Mr. Prasad Kolte, Chief Operating Officer.

Transactions with Related Parties

(₹ Lakhs)

	Year ended March 31, 2017			
	Holding Company	Investing Party	Fellow Subsidiary Companies	Key Management Personnel
Rendering of Services	11.96	6,780.23	-	-
Purchase of Goods, Services and other expenses	611.56	1,003.65	0.56	-
Reimbursement of Expenses	-	-	-	2.90
Management contracts for deputation of employees (refer note below)	37.20	-	-	-
Security deposit placed	-	100.00	-	-

Note: This includes remuneration of ₹ 37,20,000 paid to Mr. Prasad Kolte, Chief Operating Officer.

Notes forming part of the Financial Statements

Balances with Related Parties

(₹ Lakhs)

	As at March 31, 2018			
	Holding Company	**Investing Party**	**Fellow Subsidiary Companies**	**Key Management Personnel**
Trade Receivables	**16.72**	**1,696.01**	**-**	**-**
Unbilled Revenue	**-**	**63.42**		
Trade Payables	**746.53**	**475.14**	**-**	**-**
Guarantees given	**-**	**300.00**	**-**	**-**
Security deposit	**-**	**5.00**	**-**	**-**

Balances with Related Parties

(₹ Lakhs)

	As at March 31, 2017			
	Holding Company	Investing Party	Fellow Subsidiary Companies	Key Management Personnel
Trade Receivables	21.42	2,838.88	0.07	-
Unbilled Revenue	-	90.50	-	-
Trade Payables	171.68	593.44	0.33	-
Guarantees given	-	300.00	-	-
Security deposit	-	100.00	-	-

27 CAPITAL COMMITMENTS

(₹ Lakhs)

Particulars	**As at March 31,2018**	As at March 31,2017
Estimated amount of contracts remaining to be executed on capital account and not provided for		
- Tangible assets	**1.55**	33.10

28 CONTINGENT LIABILITIES

(₹ Lakhs)

	As at March 31,2018	As at March 31,2017
Income-tax demands	**11.66**	11.66
Service tax	**62.71**	62.71

29 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

(₹ Lakhs)

	For year ended March 31, 2018	For year ended March 31, 2017
(a) Gross amount required to be spent by the company during the year	**24.29**	33.35
(b) Amount spent during the year on:		
(i) Construction or acquisition of any asset	**-**	-
(ii) On purposes other than (i) above (in cash)		
(A) Contribution to MAHAN Trust	**-**	28.60
(B) Contribution to Jalyukta Shivar Scheme	**24.29**	-
(iii) Balance amount yet to be paid	**-**	4.75

Notes forming part of the Financial Statements

30 NEW STANDARDS NOT YET ADOPTED:

Ind AS 115, Revenue from contract with customers, The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of this Standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new guidance also addresses the accounting for some costs to obtain or fulfill a customer contract and provides a set of disclosure requirements intended to give financial statement users comprehensive information about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. The Company is currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

31 SUBSEQUENT EVENT:

Dividends paid during the year ended March 31, 2018 include an amount of ₹ 8 per equity share towards final dividend for the year ended March 31, 2017. Dividends paid during the year ended March 31, 2016 include an amount of ₹ 25 per equity share towards final dividend for the year ended March 31, 2016.

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. Accordingly, the retained earnings reported in these financial statements may not be fully distributable. As of March 31, 2018 and March 31, 2017, income (net of dividend tax) available for distribution were

₹ 5,588.61 and ₹ 4,341.26 respectively. Subsequent to March 31, 2018, the Board of Directors of the Company have proposed a final dividend of ₹ 26.50 per share in respect of the year ending March 31, 2018. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of ₹ 815.50 lakhs inclusive of dividend distribution tax of ₹ 139.05 lakhs.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration no.101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145
Mumbai, April 11, 2018

For and on behalf of the Board of Directors of MahaOnline Limited

Sumit Mullick
Director

Lakshminarayanan G S
Director

Prasad Kolte
Chief Operating Officer

Vivek Agarwal
Company Secretary

TCS e-Serve International Limited

(CIN: U72300MH2007PLC240002)

FINANCIAL STATEMENTS

For the year ended
March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
TCS E-SERVE INTERNATIONAL LIMITED

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of TCS e-Serve International Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, 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') prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Other Matter

Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 13 April 2017 on the Ind AS financial statements of the Company for the year ended 31 March 2017.

Our opinion on the Ind AS financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss, the 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – refer Note 6 to the Ind AS financial statements;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
      iv. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Balajirao Pothana
Partner
Membership No: 122632

Mumbai
13 April 2018

Annexure A to the Independent Auditor's Report

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report the following:

(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 programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, all fixed assets were verified during the year by the management and no material discrepancies were noticed on such verification during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.

(ii) The Company is a service company engaged primarily in rendering transaction processing services and does not hold any physical inventory. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firm and limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii)(a),(b) and (c) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, to the extent applicable, with respect to the grant of loans, investments made and for providing guarantees and securities, as applicable.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph (v) of the Order is not applicable to the Company.

(vi) In our opinion, and according to the 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/activities rendered by 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, Income-tax, Sales tax, Service tax, Value added tax, Cess and other statutory dues have generally been regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of Customs and duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees State Insurance, Income-tax, Sales tax, Service tax, Value added tax, Cess and other statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or Value added tax which have not been deposited by the Company on account of disputes, except for the following: –

Name of the statue	**Nature of the dues**	**Amount (Rs in Lakhs)**	**Period to which the amount relates**	**Forum where the dispute is pending**
Income-tax Act, 1961	Demand received u/s 143(3) of the Income-tax Act, 1961	222	AY 2009-2010	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Demand received u/s 271(1)(c) of the Income-tax Act, 1961	8	AY 2011-2012	Commissioner of Income-tax (Appeals)

(viii) In our opinion and according to the information and explanations given to us, the Company does not have any loans or borrowings from financial institutions, banks and government and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, the Company did not raise any 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) To the best of our knowledge 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 course of our audit..

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the 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. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(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 Ind AS financial statements as required by the applicable Accounting Standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Oder is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. 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 be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Balajirao Pothana
Partner
Membership No:122632

Mumbai
13 April 2018

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of TCS e-Serve International Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Balajirao Pothana
Partner
Membership No:122632

Mumbai
13 April 2018

Balance sheet as at March 31, 2018 and March 31, 2017

(₹ lakhs)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	**354**	460
(b) Capital work-in-progress		**27**	3
(c) Financial assets			
(i) Investments	4(A)	**130**	130
(ii) Other financial assets	5(A)	**154**	135
(d) Income tax assets (net)		**1,787**	1,681
(e) Deferred tax assets (net)	6	**1,271**	2,210
(f) Other assets	7(A)	**667**	952
Total non-current assets		**4,390**	5,571
Current assets			
(a) Financial assets			
(i) Investments	4(B)	**6,268**	11,705
(ii) Trade receivables	8	**771**	2,808
(iii) Unbilled revenue		**608**	467
(iv) Cash and cash equivalents	9	**56,597**	38
(v) Loans	10	**8,643**	6,072
(vi) Other financial assets	5(B)	**166**	320
(b) Other assets	7(B)	**1,315**	30
Total current assets		**74,368**	21,440
TOTAL ASSETS		**78,758**	27,011
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	11	**1,000**	1,000
(b) Other equity	12	**19,637**	21,250
Total Equity		**20,637**	22,250
Liabilities			
Non-current liabilities			
(a) Employee benefit obligations	17(A)	**174**	163
(c) Unearned and deferred revenue		**50,274**	-
(b) Other liabilities	15(A)	**101**	83
Total non-current liabilities		**50,549**	246
Current liabilities			
(a) Financial liabilities			
(i) Trade and other payables	13	**3,342**	3,874
(ii) Other financial liabilities	14	**165**	22
(b) Unearned and deferred revenue		**3,239**	81
(c) Income tax liabilities(net)		**302**	310
(d) Employee benefit obligations	17(B)	**155**	110
(e) Other liabilities	15(B)	**369**	118
Total current liabilities		**7,572**	4,515
TOTAL EQUITY AND LIABILITIES		**78,758**	27,011
NOTES FORMING PART OF FINANCIAL STATEMENTS	1-26		

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no. 101248W/W-100022

Balajirao Pothana
Partner
Membership number : 122632

Mumbai, April 13, 2018

For and on behalf of the Board

Dinanath Kholkar
Chairman

Ramakrishna Mohan Veeturi
CEO and Managing Director

Venkata Ramana Murthy Magapu
Director

Krishnaswamy M Gopikumar
CFO and Director

M Vidya
Company Secretary

Statement of Profit and loss for the years ended March 31, 2018 and March 31, 2017

(₹ lakhs)

		Note	Year ended March 31,2018	Year ended March 31,2017
I.	Revenue from operations		**15,695**	14,225
II.	Other income (net)	16	**2,067**	1,146
III.	**TOTAL INCOME**		**17,762**	15,371
IV.	**Expenses:**			
	(a) Employee benefit expenses	17	**5,522**	5,385
	(b) Other operating expenses	18	**5,299**	4,010
	(c) Finance costs	19	**2**	3
	(d) Depreciation expense		**171**	205
	TOTAL EXPENSES		**10,994**	9,603
V.	**PROFIT BEFORE TAX (III-IV)**		**6,768**	5,768
VI.	**Tax expense:**			
	(a) Current tax	6	**1,480**	1,243
	(b) Deferred tax	6	**919**	461
	TOTAL TAX EXPENSE		**2,399**	1,704
VII.	**PROFIT FOR THE YEAR**		**4,369**	4,064
VIII.	**OTHER COMPREHENSIVE INCOME**			
	(i) Items that will not be reclassified subsequently to the statement of profit and loss:			
	(a) Remeasurement of defined employee benefit plans		**56**	(7)
	(ii) Income-tax on items that will not be reclassified subsequently to the statement of profit and loss			
	(a) Remeasurement of defined employee benefit plans		**(20)**	2
	TOTAL OTHER COMPREHENSIVE INCOME NET OF TAXES		**36**	(5)
IX.	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**4,405**	4,059
	Profit for the period attributable to:			
X.	**Earnings per equity share :- Basic and diluted (₹)**	20	**437**	406
Weighted average number of equity shares (face value of ₹ 100 each)			**1,000,000**	1,000,000
NOTES FORMING PART OF FINANCIAL STATEMENTS		**1-26**		

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no. 101248W/W-100022

Balajirao Pothana
Partner
Membership number : 122632

Mumbai, April 13, 2018

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CEO and Managing Director

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Director

Krishnaswamy M Gopikumar
CFO and Director

M Vidya
Company Secretary

Statement of Changes in Equity for the years ended March 31, 2018 and March 31, 2017

A. SHARE CAPITAL

(₹ lakhs)

Balance as at April 1, 2016	Change in Equity share capital during the year	Balance as at March 31,2017
1,000	-	1,000

(₹ lakhs)

Balance as at April 1, 2017	**Change in Equity share capital during the year**	**Balance as at March 31, 2018**
1,000	**-**	**1,000**

B. OTHER EQUITY

(₹ lakhs)

	Reserves and surplus		
	General reserve	**Retained earnings**	**Total other equity**
Balance as at April 1, 2016	403	16,788	17,191
Profit for the year	-	4,064	4,064
Other comprehensive income	-	(5)	(5)
Total comprehensive income	-	4,059	4,059
Balance as at March 31, 2017	403	20,847	21,250
Balance as at April 1, 2017	**403**	**20,847**	**21,250**
Profit for the year	**-**	**4,369**	**4,369**
Other comprehensive income	**-**	**36**	**36**
Total comprehensive income	**-**	**4,405**	**4,405**
Dividend (including tax on dividend)	**-**	**(6,018)**	**(6,018)**
Balance as at March 31, 2018	**403**	**19,234**	**19,637**

NOTE FORMING PART OF FINANCIAL STATEMENTS 1-26

As per our report of even date attached

For **B S R & CO. LLP**
Chartered Accountants
Firm's registration no. 101248W/W-100022

Balajirao Pothana
Partner
Membership number : 122632

Mumbai, April 13, 2018

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Venkata Ramana Murthy Magapu
Director

Krishnaswamy M Gopikumar
CFO and Director

M Vidya
Company Secretary

Statement of Cash Flow for the years ended March 31, 2018 and March 31, 2017

(₹ lakhs)

		Year ended March 31,2018	Year ended March 31,2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year		**4,369**	4064
Adjustments to reconcile profit to net cash provided by operating activities:			
Depreciation		**171**	205
Income tax expense		**2,399**	1,704
Net gain/(loss) on investment carried at fair value through profit and loss		**(334)**	(420)
Interest income		**(626)**	(832)
Bad debts and advances written off, provision for trade receivables and advances (net)		**3**	12
Unrealised (gains) on investments carried at Fair value through profit and loss		**(78)**	(2)
Operating profit before working capital changes		**5,904**	4,731
Net change in:			
Trade receivables		**2,037**	(2,429)
Unbilled revenues		**(141)**	(59)
Other financial assets		**(19)**	116
Other assets		**(1002)**	(416)
Loans		**7**	-
Trade and other payables		**(532)**	2,152
Other financial liabilities		**117**	334
Unearned and deferred revenues		**53,431**	81
Employee benefit obligations		**112**	-
Other liabilities		**269**	127
Cash generated from operations		**60,183**	4,637
Taxes paid (net of refund)		**(1,592)**	(2,199)
Net cash provided by operating activities		**58,591**	2,438
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for purchase of property and equipment		**(63)**	(271)
Proceeds from sale of property and equipment		**-**	5
Purchase of investments		**(40,743)**	(70,466)
Proceeds from sale of investments		**46,592**	62,476
Proceeds from sale of intercorporate deposits		**16,059**	16,925
Intercorporate deposit placed		**(18,640)**	(12,484)
Interest received		**781**	1,362
Net cash provided by/(used in) investing activities		**3,986**	(2,453)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividend paid (including tax on dividend)		**(6,018)**	-
Net cash used in financing activities		**(6,018)**	-
Net change in cash		**56,559**	(15)
Effect of foreign exchange on cash			
Cash and cash equivalents, beginning of the year		**38**	53
Cash and cash equivalents as at the end of the year (Refer note 9)		**56,597**	38
III.NOTES FORMING PART OF FINANCIAL STATEMENTS	**1-26**		

As per our report of even date attached

For **B S R & CO. LLP**
Chartered Accountants
Firm's registration no. 101248W/W-100022

Balajirao Pothana
Partner
Membership number : 122632

Mumbai, April 13, 2018

For and on behalf of the Board

Dinanath Kholkar
Chairman

Venkata Ramana Murthy Magapu
Director

Ramakrishna Mohan Veeturi
CEO and Managing Director

Krishnaswamy M Gopikumar
CFO and Director

M Vidya
Company Secretary

Notes forming part of the Financial Statements

1. CORPORATE INFORMATION

TCS e-Serve International Limited (herein referred to as "the Company") is primarily engaged in the business of providing Business Process Outsourcing Services for its customers in banking, financial services and insurance domain.

The Company is a wholly owned subsidiary of Tata Consultancy Services Limited and Tata Sons is the ultimate holding company.

The Company's operations include delivering core business processing services, and support services for both data and voice processes

2 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on April 13, 2018.

b) Basis of preparation

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.

c) Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

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

Key source 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, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions , contingent liabilities and defined benefit plan have been discussed below.

Impairment of investments

The Company reviews its carrying value of investments carried at amortised 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.

Fair value measurement of financial instruments

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

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2(h).

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable than 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 and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Defined benefit plan

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. 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.

d) Revenue recognition

Revenue is recognised on time and material and unit priced contracts. Revenue from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Revenue on unit priced contracts is recognised as the related services are rendered or the related obligation is performed.

Revenue from time bound fixed price contracts is recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognised when probable. Revenue in excess of billings is recognised as unbilled revenue in the balance sheet; to the extent billings are in excess of revenue recognised, the excess is reported as unearned and deferred revenue in the balance sheet

Unbilled revenue represents revenue recognised for services already rendered or related obligations.

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

Revenue is reported net of discounts and indirect taxes.

Dividend is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

e) Leases

Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in the statement of profit and loss, unless the lease agreement explicitly states that increase is on account of inflation.

f) Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the Company are broadly categorised in employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses majorly include fees to external consultants, cost of running its facilities, travel expenses, cost of equipment and software licenses, communication costs, allowances

Notes forming part of the Financial Statements

for delinquent receivables and advances and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment, etc.

g) Foreign currency

The functional currency of the Company is Indian rupee (₹).

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

Non-monetary assets and liabilities 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 assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

h) Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. 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.

i) Current income taxes

Current income tax expense comprises taxes on income from operations in India. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction provided the Company has a legally enforceable right to set off the recognised amounts and intends to settle the asset and liability on a net basis.

ii) 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.

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 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.

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.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

Notes forming part of the Financial Statements

i) 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.

i) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

ii) 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.

iii) Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or 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.

iv) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

v) Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

vi) Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost

j) Investment in subsidiaries

Investment in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial Statements.

k) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Cost of an item of property, plant and equipment comprises of its purchase price including non refundable taxes, after deducting trade discount and any directly attributable cost of bringing the item to its working condition for its intended use.

Depreciation is provided for property, plant and equipment on straight line basis so as to expense the cost over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Notes forming part of the Financial Statements

Type of asset	Useful lives
Computer equipment	4 years
Office equipment	5 years
Electrical installations	10 years

Depreciation is not recorded on capital work-in-progress as construction and installation are not complete and the asset is not ready for its intended use.

l) Impairment

i. Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii. Non-financial assets

Property, plant and equipment

Property, plant and equipment 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.

m) Employee benefits

(i) 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. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

(ii) Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

(iii) Compensated absences

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 recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

n) Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.

3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(₹ lakhs)

Description	Computer equipment	Office equipment	Electrical installations	Total
Cost as at April 1, 2017	969	35	14	1,018
Additions	60	5	-	65
Cost as at March 31, 2018	1,029	40	14	1,083
Accumulated depreciation as at April 1, 2017	(533)	(19)	(6)	(558)
Depreciation	(163)	(7)	(1)	(171)
Accumulated depreciation as at March 31, 2018	(696)	(26)	(7)	(729)
Net Carrying amount as at March 31, 2018	333	14	7	354

(₹ lakhs)

Description	Computer equipment	Office equipment	Electrical installations	Total
Cost as at April 1, 2016	755	39	14	808
Additions	214	11	-	225
Disposals	-	15	-	15
Cost as at March 31, 2017	969	35	14	1,018
Accumulated depreciation as at April 1, 2016	(335)	(23)	(5)	(363)
Depreciation	(198)	(6)	(1)	(205)
Eliminated on disposals of assets	-	(10)	-	(10)
Accumulated depreciation as at March 31, 2017	(533)	(19)	(6)	(558)
Net Carrying amount as at March 31, 2017	436	16	8	460

4. INVESTMENTS

Investments consist of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(A) Investments- non-current		
(a) Investments in subsidiary, carried at cost TCS e-Serve America Inc. Fully paid ordinary shares (Unquoted) 27,600 (March 31, 2017: 27,600) shares of US$ 10 each fully paid up	130	130
	130	130
(B) Investments - current		
Investments carried at fair value through profit and Loss		
Mutual and other funds (unquoted)		
Birla Sun Life Cash Plus - Direct - Growth	1,566	3,402
Tata Liquid Fund - Direct - Growth	-	3,402
ICICI Prudential Liquid -Direct- Growth	-	3,401
UTI Liquid Cash Fund Direct-Growth	616	-
UTI Money Market Fund Direct-Growth	4,086	1,500
	6,268	11,705

Notes forming part of the Financial Statements

5. OTHER FINANCIAL ASSETS

Other financial assets consist of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(A) Non-current financial assets		
Security deposits	**46**	-
Earmarked balances with banks (Balances held as margin money against guarantees)	**6**	6
Balances with related party		
-Security deposits	**102**	129
	154	135
(B Current financial assets		
Interest receivable	**166**	320
	166	320

6. INCOME-TAXES

The Income-tax expenses consist of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Current tax expenses	**1,480**	1,243
Deferred tax expenses	**919**	461
	2,399	1,704

The reconciliation of estimated income-tax expenses at Indian statutory income tax rate to the income tax expenses reported in the statement of profit and loss is as follows:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Profit before income taxes	**6,768**	5,768
India statutory Income tax rate	**34.61%**	34.61%
Expected Income tax expenses	**2,342**	1,996
Tax effect of adjustments to reconcile expected income tax expense to reported		
Tax pertaining to prior years:	**34**	(299)
Disallowances u/s 37	**17**	0
Others	**6**	7
	2,399	1,704

Net deferred tax are as follows:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Depreciation	**(55)**	(73)
Employee benefits	**115**	95
MAT credit entitlement	**1,194**	2,152
Operating lease liabilities	**40**	30
Others	**6**	6
Unrealised loss on securities carried at fair value through profit and loss	**(29)**	-
	1,271	2,210

Significant components of net deferrred tax assests and liabilities for the year ended March 31, 2018 consist of following:

(₹ lakhs)

Deferred tax assets (net)	**Opening Balance**	**Recognised/ reversed through P&L**	**Recongnised in/ reclassified from comprehensive income**	**Closing Balance**
Depreciation	**(73)**	**18**	**-**	**(55)**
Employee benefits	**95**	**40**	**(20)**	**115**
MAT credit entitlement	**2,152**	**(958)**	**-**	**1,194**
Operating lease liabilities	**30**	**10**	**-**	**40**
Others	**6**	**-**	**-**	**6**
Unrealised loss loss on securities carried at fair value through P&L / OCI	**-**	**(29)**	**-**	**(29)**
	2,210	**(919)**	**(20)**	**1,271**

Significant components of net deferrred tax assests and liabilities for the year ended March 31, 2017 consist of following:

(₹ lakhs)

Deferred tax assets (net)	**Opening Balance**	**Recognised/ reversed through P&L**	**Recongnised in/ reclassified from comprehensive income**	**Closing Balance**
Depreciation and amortisation	(46)	(27)	-	(73)
Employee benefits	77	16	2	95
MAT credit entitlement	2,620	(468)	-	2,152
Unrealised gain on securities carried at fair value through profit and loss	(5)	5	-	-
Operating lease liabilities	19	11	-	30
Others	4	2	-	6
	2,669	(461)	2	2,210

Notes forming part of the Financial Statements

The company has received various assessment orders from the Income Tax department in total demanding ₹ 230 lakhs (March 31, 2017: ₹ 1695 lakhs). The company already has made a provision of ₹ NIL (March 31, 2017 : ₹ 222 lakhs) and paid advance taxes aggregating ₹ NIL lakhs against the disputed amounts. For balance amount the company is of the opinion that it is more likely than not liable to pay the same and treat the same as contingent liability.

8. OTHER ASSETS

Other assets consist of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(A) Other non-current assets		
Indirect tax recoverable	**667**	952
	667	952
(B) Other current assets		
Prepaid expenses	**17**	5
Indirect tax recoverable	**1,185**	17
Advance to suppliers	**1**	-
Recoverable expenses	**10**	8
Prepaid rent	**102**	-
	1,315	30

8. TRADE RECEIVABLES

Trade Receivables (unsecured) consist of following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Considered good	**1,139**	3,142
Less: Volume discount	**(368)**	(334)
	771	2,808

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Balances with banks		
-In current accounts	**56,597**	38
	56,597	38

Notes forming part of the Financial Statements

10. LOANS

Loans consist of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Considered good		
Loans and advances to employees	**3**	13
Inter-corporate deposits	**8,640**	6,059
(b) Considered doubtful		
Loans and advances to employees	**19**	16
Less: Allowance on loans and advances to employees	**(19)**	(16)
	8,643	6,072

11. SHARE CAPITAL

The authorised, issued, subscribed and fully paid-up share capital comprises of equity shares having a par value of ₹ 100 each as follows

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Authorised :		
Equity share capital	**2,500**	2,500
2,500,000 equity shares of ₹ 100 each		
(Previous Year 2,500,000 equity shares of ₹ 100 each)		
	2,500	2,500
(b) Issued, subscribed and paid up:		
Equity share capital	**1,000**	1,000
1,000,000 equity shares of ₹ 100 each		
(Previous Year 1,000,000 equity shares of ₹ 100 each)		
	1,000	1,000

Note:

a) 1,000,000 (March 31, 2017 : 1,000,000) equity shares of Rs 100/- each are held by Tata Consultancy Services Limited, the holding company and its nominees. Tata Sons limited is the ultimate holding company

b) The Company has one class of equity shares having a par value of ₹ 1 each. Each shareholder is eligible for one vote per share held and carry a right to dividend. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding

c) The Company does not have an employee stock option plan and no shares are reserved for issue under any such plan or for any contractual commitments.

Notes forming part of the Financial Statements

Details of shares held by holding more than 5% of the aggregate shares in the Company

	As at March 31, 2018	As at March 31, 2017
Equity shares		
Tata Consultancy Services Limited, the holding company	**1,000,000**	1,000,000
	100%	100%

Reconciliation

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount (₹ Lakhs)	Number of shares	Amount (₹ Lakhs)
Equity shares				
Opening balance	**10,00,000**	**1,000**	10,00,000	1,000
Changes during the year	**-**	**-**	-	-
Closing balance	**10,00,000**	**1,000**	10,00,000	1,000

12. OTHER EQUITY

Other equity consist of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
General reserve		
Opening and closing balance	**403**	403
	403	403
Retained earnings		
(i) Opening balance	**20,847**	16,788
(ii) Profit for the year	**4,369**	4,064
(iii) Other comprehensive income	**36**	(5)
	25,252	20,847
(vi) Less : Appropriations		
(a) Dividend on equity shares	**(5,000)**	-
(b) Tax on dividend	**(1,018)**	-
	19,234	20,847
	19,637	21,250

Nature of reserves

(a) General reserve

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to statement of profit and loss.

13. TRADE PAYABLE

Trade payable consist of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(a) Dues of Micro and Small enterprises (refer note below)	**-**	-
(b) (Others)	**3,342**	3,874
	3,342	3,874

Note :

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. The Company has not received any memorandum (as required to be filed by the suppliers with notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) from vendor claiming the status as micro or small enterprises, hence no disclosures have been made.

14. OTHER FINANCIAL LIABILITIES

Other Financial liabilities consist of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Other current financial liabilities		
Capital creditors	**27**	1
Accrued payroll	**138**	21
	165	22

15. OTHER LIABILITIES

Other liabilities consist of the following:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
(A) Other non-current liabilities		
Operating lease liabilities	**101**	83
	101	**83**
(B) Other current liabilities		
Indirect tax payable and other statutory liabilities	**356**	115
Operating lease liabilities	**13**	3
	369	118

Notes forming part of the Financial Statements

16. OTHER INCOME

Other Income consist of the following:

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Interest Income	**626**	832
(b) Net gain/(loss) on investment carried at fair value through profit and loss	**334**	420
(c) Unrealised gains/losses on investments carried at Fair value through P&L	**78**	2
(d) Net foreign exchange gains	**1,029**	(108)
	2,067	1,146

17. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses consist of the following:

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Salaries, incentives and allowances	**5,163**	5,011
(b) Contributions to provident and other funds	**220**	222
(c) Staff welfare expenses	**139**	152
	5,522	5,385
a) Non current employee benefit obligations		
Compensated absences	**64**	39
Gratuity liability	**110**	125
	174	163
b) Current employee benefit obligations		
Compensated absences	**148**	104
Gratuity liability	**7**	6
	155	110

Defined Benefit Plan

Gratuity

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. Actuarial gains and losses are recognised in full in other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

Notes forming part of the Financial Statements

The following table sets out the details of the defined benefit retirement plans and the amounts recognized in the financial statements:

(₹ lakhs)

	As at March 31, 2018 Domestic Plan Unfunded	As at March 31, 2017 Domestic Plan Unfunded
Defined benefit retirement plan :		
Change in benefit obligations:		
Benefit obligations, beginning of the year	**131**	95
Service cost	**38**	27
Interest cost	**10**	7
Remeasurement of the net defined benefit liability	**(56)**	7
Benefits paid	**(5)**	(5)
Benefit obligations end of the year	**118**	131

Net periodic gratuity included in employee costs cosists of following:

(₹ lakhs)

	As at March 31, 2018 Domestic Plan Unfunded	As at March 31, 2017 Domestic Plan Unfunded
Service cost	**38**	27
Net interest on net defined benefit liability	**10**	7
Net periodic gratuity	**48**	34

Remeasurement of net defined benefit liability:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Actuarial (gains) and losses arising from changes in demographic assumptions	**2**	(1)
Actuarial (gains) and losses arising from changes in financial assumptions	**(38)**	23
Actuarial (gains) and losses arising from changes in experience adjustments	**(20)**	(15)
Remeasurement of the net defined benefit liability	**(56)**	7

The assumptions used in accounting for the defined benefit plan are set out below:

(₹ lakhs)

	As at March 31, 2018	As at March 31, 2017
Discount rate	**7.75%**	7.25%
Rate of increase in compensation levels of covered employees	**6.00%**	8.00%
Weighted average duration of defined benefit obligations	**9 years**	8 years

Notes forming part of the Financial Statements

The expected benefits are based on the same assumptions as are used to measure the Company's defined benefit plan obligations as of March 31, 2018. The Company is expected to contribute ₹ NIL lakhs to defined benefit plan obligations funds for the year ending March 31, 2019

Remeasurement gain/(loss) of defined employee benefit plans in other comprehensive income for the year ended March 31, 2018 and March 31,2017 are ₹ 56 lakhs and ₹ (7) lakhs respectively.

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 ₹ 6 / (6) lakhs as of March 31, 2018.

If the expected salary growth increases/(decreases) by 0.50%, the defined benefit obligations would increase by ₹ 6/(6) lakhs as of March 31, 2018.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

The defined benefit obligations shall mature after year ended March 31, 2018 as follows:

(₹ lakhs)

Year ending March 31,	Defined Benefit Obligation
2019	**8**
2020	**8**
2021	**7**
2022	**11**
2023	**8**
Thereafter	**41**

Defined contribution plans

Provident fund

Contribution towards provident fund is made to regulatory authorities and the Company does not have any legal or informal obligation to pay additional funds.

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

The Company contributed ₹ 122 lakhs and ₹ 128 lakhs to the provident fund for the year ended March 31, 2018 and March 31, 2017, respectively

18. OTHER OPERATING EXPENSES

Other operating expenses consist of the following:

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Fees to external consultants	**2,469**	871
Facility running expenses	**1,938**	2,135
Cost of equipment and software licences	**-**	5
Travel expenses	**602**	552
Communication expenses	**94**	68
Bad debts and advances written off, provision for trade receivables and advances (net)	**3**	12
Other expenses	**193**	367
	5,299	4,010

During the year, the Company has incurred an amount of ₹ 100 lakhs (March 31, 2017: ₹ 110 lakhs) towards Corporate Social Responsibility expenditure. (refer note no. 24)

19. FINANCE COSTS

Finance costs consist of the following:

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest expenses	**2**	3
	2	3

20. EARNINGS PER SHARE

	Year ended March 31, 2018	Year ended March 31, 2017
Profit for the year (₹ lakhs)	**4,369**	4,064
Amount available for shareholder (₹ lakhs)	**4,369**	4,064
Weighted average number of shares	**1,000,000**	1,000,000
Earning per share basic and diluted (₹)	**437**	406
Face value per equity share (₹)	**100**	100

21. LEASES

The Company has taken office premises on operating lease under non-cancellable lease arrangements. All of the leases include renewal and escalation clauses on the rentals. Operating lease rental expense recognised in the statement of profit and loss for the year is ₹ 449 lakhs (March 31, 2017: ₹ 445 lakhs). Future minimum lease payments under non-cancellable operating leases are as below:

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Within one year of balance sheet date	**470**	418
Due in a period between one year and five years	**1,375**	1534
Due after five years	**292**	516
Total minimum lease commitments	**2,137**	2,468

Notes forming part of the Financial Statements

22. FINANCIAL INTRUMENTS

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(i) to the consolidated financial statements.

a) Financial assets and liabilities

The carrying value of financial instruments by categories as of March 31, 2018 is as follows:

(₹ lakhs)

	Fair value through profit or loss		
Financial assets:			
Cash and cash equivalents	**-**	**56,597**	**56,597**
Bank deposits and ear-marked bank balances	**-**	**6**	**6**
Trade receivables	**-**	**771**	**771**
Investments (other than in subsidiary)	**6,268**	**-**	**6,268**
Unbilled revenue	**-**	**608**	**608**
Loans	**-**	**8,643**	**8,643**
Other financial assets	**-**	**314**	**314**
Total	**6,268**	**66,939**	**73,207**
Financial liabilities:			
Trade and other payables	**-**	**3,342**	**3,342**
Other financial liabilities	**-**	**165**	**165**
Total	**-**	**3,507**	**3,507**

The carrying value of financial instruments by categories as of March 31, 2017 is as follows:

(₹ lakhs)

	Fair value through profit or loss		
Financial assets:			
Cash and cash equivalents	-	38	38
Bank deposits and ear-marked bank balances	-	6	6
Trade receivables	-	2,808	2,808
Investments (other than in subsidiary)	11,705	-	11,705
Unbilled revenue	-	467	467
Loans	-	6,072	6,072
Other financial assets	-	449	449
Total	11,705	9,840	21,545
Financial liabilities:			
Trade and other payables	-	3,874	3,874
Other financial liabilities	-	22	22
Total	-	3,896	3,896

Measurement of fair values

The Management assessed that cash and bank balances, trade receivables, trade payables, cash credit and other financial assets and liabilities approximate their carrying amounts largely due to short-term maturities of these instruments.

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The investments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market. The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.

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):

(₹ lakhs)

As of March 31, 2018:	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Mutual fund units	**6,268**	**-**	**-**	**6,268**
Total:	**6,268**	**-**	**-**	**6,268**

(₹ lakhs)

As of March 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets:				
Mutual fund units	11,705	-	-	11,705
Total:	11,705	-	-	11,705

Financial risk management:

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

i. 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.

(a) *Foreign currency exchange rate risk*

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and 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 Company.

Notes forming part of the Financial Statements

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar and Australian Dollar, against the functional currency of the Company.

Any movement in the functional currency of the various operations of the Company against major foreign currencies may impact the Company's revenue in international business.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the functional currency of the Company.

The following analysis has been worked out based on the net exposures of the Company as of the date of balance sheet which could affect the statements of profit or loss and other comprehensive income and equity.

The following table sets forth information relating to foreign currency exposure as of March 31, 2018

(₹ lakhs)

	USD	AUD	AED
Net financial assets	9,848	22	-
Net financial liabilities	(154)	(364)	-*

* represent values less than ₹ 0.50 lakhs

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 ₹ 935 lakhs for the year ended March 31, 2018.

The following table sets forth information relating to foreign currency exposure as of March 31, 2017

(₹ lakhs)

	USD	AUD
Net financial assets	3,598	-
Net financial liabilities	(677)	(424)

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 ₹ 250 lakhs for the year ended March 31, 2017.

i. Interest rate risk

The Company's investments are primarily in fixed rate interest bearing investments. Hence the Company is not significantly exposed to interest rate risk.

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 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, unbilled revenue, investments, cash and cash equivalents, bank deposits and other financial assets.

Bank deposits include an amount of ₹ 6 lakhs held with an Indian bank having high quality credit rating which are individually in excess of 10% or more of the Company's total bank deposits for the year ended March 31, 2018. None of the other financial instruments of the Group result in material concentration of credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 16,610 lakhs and ₹ 21,507 lakhs as of March 31,2018 and March 31,2017, respectively,being the total of the carrying amount of balances with banks,bank deposits,trade receivables,unbilled revenue,other financial assets and investments excluding equity.

The Company's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding accounts receivable and unbilled revenue as of March 31, 2018 and March 31,2017.

Geographic concentration of credit risk

The Company also has a geographic concentration of trade receivables, net of allowances and unbilled revenue is given below:

Geographical concentration of credit risk is allocated based on the location of the customers.

(In %)

	Year ended March 31, 2018	Year ended March 31, 2017
Geography		
Americas	**51%**	23%
Asia Pacific	**2%**	0%
India	**23%**	0%
Middle East	**24%**	76%
UK	**0%**	1%

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 consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(₹ lakhs)

March 31, 2018	**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	**3,342**	**-**	**-**	**-**	**3,342**
Other financial liabilities	**165**				**165**
Total	**3,507**	**-**	**-**	**-**	**3,507**

(₹ lakhs)

March 31, 2017	**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	3,874	-	-	-	3,874
Other financial liabilities	22	-	-	-	22
Total	3,896	-	-	-	3.896

Notes forming part of the Financial Statements

23. SEGMENT REPORTING

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 Company has identified business segments (industry practice) as reportable segments. The business segments comprise: 1) Banking, Financial Services and Insurance, 2) Manufacturing, 3) Retail and Consumer Business, 4) Others e.g.- Telecom, media and entertainment , High tech etc.

The Company has classified Travel, Transportation and Hospitality to the Retail and Consumer Business.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Property, plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

Summarised segment information for the year ended March 31, 2018 is as follows

Year ended March 31, 2018 (₹ lakhs)

Particulars	**Business segments**				
	Banking, Financial Services and Insurance	**Manufacturing**	**Retail and Consumer Business**	**Others**	**Total**
Revenue	**11,802**	**731**	**2,126**	**1,036**	**15,695**
Segment result	**3,735**	**295**	**1,009**	**(167)**	**4,872**
Total Unallocable expenses					**(171)**
Operating income					**4,701**
Other incom (net)					**2,067**
Profit before taxes					**6,768**
Tax expense					**(2,399)**
Profit for the year					**4,369**
Depreciation expense					**(171)**

As at March 31, 2018 (₹ lakhs)

Particulars	**Business segments**				
	Banking, Financial Services and Insurance	**Manufacturing**	**Retail and Consumer Business**	**Others**	**Total**
Segment assets	**2,393**	**800**	**2,291**	**(3,737)**	**1,747**
Unallocable assets					**77,011**
Total assets					**78,758**
Segment liabilities	**54,827**	**-**	**62**	**(1,009)**	**53,800**
Unallocable liabilities					**4,241**
Total liabilities					**58,121**

Notes forming part of the Financial Statements

Year ended March 31, 2017 (₹ lakhs)

Particulars	Business segments				
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Business	Others	Total
Revenue	10,643	809	2,027	746	14,225
Segment result	3,580	351	994	(95)	4,830
Total Unallocable expenses					(208)
Operating income					4,622
Other income (net)					1,146
Profit before taxes					5,768
Tax expense					(1,704)
Profit for the period					4,064
Depreciation expense					208

As at March 31, 2017 (₹ lakhs)

Particulars	Business segments				
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Business	Others	Total
Segment assets	3,312	68	203	26	3,609
Unallocable assets					23,402
Total assets					27,011
Segment liabilities	333	-	81	1	415
Unallocable liabilities					4,346
Total liabilities					4,761

Geographical revenue is allocated based on the location of the customers.

Information regarding geographical revenue is as follows:

(₹ lakhs)

Geography	**Year ended March 31, 2018**	Year ended March 31, 2017
Americas	**8,595**	6,892
Europe	**15**	(2)
UK	**83**	41
India	**216**	36
Asia Pacific	**3,378**	3,930
ME	**3,408**	3.328
Total	**15,695**	14,225

Since all the non-current assets (property, plant and equipment, advance income tax and other non-current assets) are located in India, the Chief operating decesion maker is not required to evaluate the allocation of these assets.

Notes forming part of the Financial Statements

24 RELATED PARTY TRANSACTIONS

Names of related parties and nature of relationship:

Enterprises that directly, or indirectly through one or more intermediaries, control or are under common control with the Company:

(a) Holding Company

Name of the Enterprise	Nature of relationship
Tata Sons Limited	Ultimate Holding Company
Tata Consultancy Services Limited	Immediate Holding Company

(b) Subsidiary

Name of the Enterprise

TCS e-Serve America, Inc.

TEIL Employee Welfare Benefit Trust

(c) Subsidiaries of ultimate holding company with whom company has transaction

Name of the Enterprise

Tata Asset Management Limited

(d) Fellow Subsidiaries with whom the Company has transactions

Name of the Enterprise

Tata America International Corporation

TCS Foundation

(d) Key managerial personnel -

Mr. Dinanath Kholkar (CEO and Managing Director) - till March 19, 2018

Mr. Ramakrishna Mohan Veeturi (CEO and Managing Director) - from March 20, 2018

Mr. Siddharth Bhogle (Chief Financial Officer) - till March 19, 2018

Mr. Krishnaswamy M Gopikumar (Chief Financial Officer) - from March 20, 2018

Ms. M Vidya (Company Secretary)

Transactions with related parties are as follows

(₹ lakhs)

	With Tata Sons its Subsidiary and associates	With TCS Limited	With subsidiaries of TCS	Total
Year ended March 31, 2018				
Nature of transactions				
Revenue from transaction processing services	**-**	**3,664**	**5,136**	**8,800**
Purchase of goods and services (including reimburshment)	**-**	**3,686**	**1**	**3,687**
Dividend paid (excluding Dividend Distribution Tax)	**-**	**5,000**	**-**	**5,000**
Brand Equity conribution	**28**	**-**	**-**	**28**
Rent expense	**-**	**449**	**1**	**450**
Contribution for Corporate Social Responsibility	**-**	**-**	**100**	**100**

Notes forming part of the Financial Statements

(₹ lakhs)

	With Tata Sons its Subsidiary and associates	With TCS Limited	With subsidiaries of TCS	Total
Year ended March 31, 2017				
Nature of transactions				
Revenue from transaction processing services	-	3,418	5,007	8,425
Purchase of goods and services (including reimburshment)	-	2,401	(26)	2,375
Brand Equity conribution	15	-	-	15
Rent expense	-	445	-	445
Contribution for Corporate Social Responsibility	-	-	110	110

(₹ lakhs)

	With Tata Sons its Subsidiary and associates	**With TCS Limited**	**With subsidiaries of TCS**	**Total**
Year ended March 31, 2018				
Balances receivable with related parties				
Trade receivables and unbilled revenues (net)	**-**	**717**	**546**	**1,263**
Loans, advances and deposits	**-**	**129**	**-**	**129**
Total	**-**	**846**	**546**	**1,392**

(₹ lakhs)

Year ended March 31, 2017				
Balances receivable with related parties				
Trade receivables and unbilled revenues (net)	-	2,889	563	3,452
Loans, advances and deposits	-	129	-	129
Investment	3,402	-		3,402
Total	3,402	3,018	563	6,983

(₹ lakhs)

	With Tata Sons its Subsidiary and associates	**With TCS Limited**	**With subsidiaries of TCS**	**Total**
Year ended March 31, 2018				
Balances payable with related parties				
Trade payables, unearned and deferred revenue, Other				
Financials liabilities and other liabilities	**-**	**3,043**	**10**	**3,053**
Total	**-**	**3,043**	**10**	**3,053**

Notes forming part of the Financial Statements

(₹ lakhs)

Year ended March 31, 2017	With Tata Sons its Subsidiary and associates	With TCS Limited	With subsidiaries of TCS	Total
Balances payable with related parties				
Trade payables, unearned and deferred revenue, Other				
Financials liabilities and other liabilities	14	3,583	83	3,680
Total	14	3,583	83	3,680

Compensation to key managerial personnel

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Employement benefits	**39**	39
	39	39

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.

25. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

(₹ lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Grosss amount required to be spent by the company during the year	**90**	104
(b) Amount spent during the year on:	**-**	-
(i) Construction/acquisition of any assets	**-**	-
(ii) on the purpose other than (i) above	**-**	-
(a) Contribution to TCS Foundation	**100**	110
Yet to be paid in cash	**-**	-

26 RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 The effect of changes in Foreign Exchange rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

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

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying Ind AS 115 is recognised as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The company is evaluating the impact of this amendment on its financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no. 101248W/W-100022

Balajirao Pothana
Partner
Membership number : 122632

Mumbai, April 13, 2018

For and on behalf of the Board

Dinanath Kholkar
Chairman

Ramakrishna Mohan Veeturi
CEO and Managing Director

Venkata Ramana Murthy Magapu
Director

Krishnaswamy M Gopikumar
CFO and Director

M Vidya
Company Secretary

TCS Foundation

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended
March 31, 2018

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
TCS FOUNDATION

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of TCS Foundation ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Income and Expenditure, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the 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 (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018 and its excess of income over expenditure, changes in equity and its cash flows for the year ended on that date.

Other Matter

Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 10 April 2017 on the Ind AS financial statements of the Company for the year ended 31 March 2017.

Our opinion on the Ind AS financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Income and Expenditure, 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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; and

      (iv) The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

2. This Report does not include a statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act as the Order is not applicable to the Company, being a Company licensed to operate under Section 8 of the Companies Act 2013, as specified in paragraph 1(2) (iii) of the said Order.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai, April 11, 2018

Annexure – A to the Independent Auditor's Report – 31 March 2018

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub- section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of TCS Foundation ('the Company') as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai, April 11, 2018

Balance Sheet

(₹ crores)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	**0.03**	-
(b) Financial assets			
(i) Loans	4	**400.00**	-
(ii) Other financial assets	5	**3.13**	-
(c) Income tax assets	16	**0.29**	0.29
Total non-current assets		**403.45**	0.29
Current assets			
(a) Financial assets			
(i) Investments	6	**29.50**	473.49
(ii) Cash and cash equivalents	7	**0.08**	0.01
(iii) Loans	4	**206.00**	-
(iv) Other financial assets	5	**0.57**	-
(b) Other assets	8	**-**	30.00
Total current assets		**236.15**	503.50
TOTAL ASSETS		**639.60**	503.79
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	9	**1.00**	1.00
(b) Other equity	10	**636.04**	498.82
Total equity		**637.04**	499.82
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	21	**1.29**	2.47
(b) Other liabilities	11	**1.27**	1.50
Total current liabilities		**2.56**	3.97
TOTAL EQUITY AND LIABILITIES		**639.60**	503.79
NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-21			

As per our report of April 11, 2018 attached

For **For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai, April 11, 2018

For and on behalf of the Board

N. Chandrasekaran
Chairman

Ajoyendra Mukherjee
Director

Pauroos Karkaria
Director

Roopa Purushothaman
Director

Mumbai, April 11, 2018

Statement of Income and Expenditure

(₹ crores)

		Note	**Year ended March 31, 2018**	Year ended March 31, 2017
I.	Revenue	12	**173.16**	272.79
II.	Other income (net)	13	**32.29**	25.78
III.	**TOTAL INCOME**		**205.45**	298.57
IV.	**Expenditure:**			
	(a) Grants	14	**54.72**	61.62
	(b) Project expenses	14	**13.23**	14.09
	(c) Other operating expenses	15	**0.28**	0.63
	TOTAL EXPENDITURE		**68.23**	76.34
V.	**EXCESS OF INCOME OVER EXPENDITURE FOR THE YEAR (III-IV)**		**137.22**	222.23
VI.	**NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-21**			

As per our report of April 11, 2018 attached

For **For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai, April 11, 2018

For and on behalf of the Board

N. Chandrasekaran
Chairman

Ajoyendra Mukherjee
Director

Pauroos Karkaria
Director

Roopa Purushothaman
Director

Mumbai, April 11, 2018

Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(₹ crores)

Balance as at April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
1.00	-	1.00

(₹ crores)

Balance as at April 1, 2017	**Changes in equity share capital during the year**	**Balance as at March 31, 2018**
1.00	**-**	**1.00**

B. OTHER EQUITY

(₹ crores)

	Retained earnings	Total Equity
Balance as at April 1, 2016	276.59	276.59
Excess of income over expenditure	222.23	222.23
Balance as at March 31, 2017	498.82	498.82
Balance as at April 1, 2017	**498.82**	**498.82**
Excess of income over expenditure	**137.22**	**137.22**
Balance as at March 31, 2018	**636.04**	**636.04**
NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1- 21		

As per our report of April 11, 2018 attached

For **For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai, April 11, 2018

For and on behalf of the Board

N. Chandrasekaran
Chairman

Ajoyendra Mukherjee
Director

Pauroos Karkaria
Director

Roopa Purushothaman
Director

Mumbai, April 11, 2018

Statement of Cash Flows

(₹ crores)

	Note	Year ended March 31, 2018	Year ended March 31, 2017
I **CASH FLOWS FROM OPERATING ACTIVITIES**			
Excess of income over expenditure for the year		**137.22**	222.23
Adjustments for:			
Net gain on disposal of investments carried at fair value through profit and loss		**(27.83)**	(27.41)
Depreciation expense		**0.01**	-
Interest Income		**(3.72)**	-
Unrealised (gain) / loss on investments carried at fair value through profit and loss		**(0.74)**	1.63
Working capital changes		**104.94**	196.45
Other assets		**30.00**	(30.00)
Trade payables		**(1.18)**	(3.60)
Other liabilities		**(0.23)**	0.56
Cash generated from operations		**133.53**	163.41
Net cash provided by operating activities		**133.53**	163.41
II **CASH FLOWS FROM INVESTING ACTIVITIES**			
Purchase of investments carried at fair value through profit and loss		**(709.04)**	(889.62)
Proceeds from disposal / redemption of investments carried at fair value through profit and loss		**1,181.60**	725.87
Payment for purchase of property, plant and equipment		**(0.04)**	-
Inter-corporate deposits placed		**(606.00)**	-
Interest received		**0.02**	-
Net cash used in investing activities		**(133.46)**	(163.75)
III **CASH FLOWS FROM FINANCING ACTIVITIES**			
Net increase / (decrease) in cash and cash equivalents		**0.07**	(0.34)
Cash and cash equivalents at the beginning of the year		**0.01**	0.35
Cash and cash equivalents at the end of the year	7	**0.08**	0.01
IV **NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-21**			

As per our report of April 11, 2018 attached

For and on behalf of the Board

For **For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

N. Chandrasekaran
Chairman

Ajoyendra Mukherjee
Director

Rajesh Mehra
Partner
Membership No: 103145

Pauroos Karkaria
Director

Roopa Purushothaman
Director

Mumbai, April 11, 2018

Mumbai, April 11, 2018

Notes forming part of the Financial Statements

1) Corporate information

TCS Foundation (referred to as "the Company") was incorporated on March 13, 2015 as a company registered under Section 8 of the Companies Act, 2013. The Company is engaged in promoting and funding projects and / or programs, relating to Corporate Social Responsibility (CSR) as required by Section 135 read with Schedule VII to the Companies Act, 2013 such as eradication of hunger, poverty and malnutrition; promotion of heath care especially for the poor; promotion of education; development of skills; promotion of gender equality; empowerment of women; environmental sustainability; protection of national heritage; promotion of sports; promotion of scientific research especially in the area of technology; helping differently-able persons; providing vocational training; providing sanitation facilities; support to rural development projects. The Company is a 100% subsidiary of Tata Consultancy Services Limited ("TCS"), the ultimate holding company is Tata Sons Limited.

The Company incurs expenditure by way of grants given towards objects which furthers the cause of the Company and project expenses which represent initiatives / activities undertaken by the Company.

The Company is incorporated and domiciled in India. The address of its registered office is 9th Floor, Nirmal Building, Nariman Point, Mumbai 400021.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on April 11, 2018.

2) Significant accounting policies

a) Statement of compliance

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

b) Basis of preparation

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.

c) Use of estimates and judgements

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

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.

Key source of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of provisions and contingent liabilities.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and contingent liabilities

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 a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

d) Revenue recognition

Donations are recognised as income in the Statement of Income and Expenditure in the year in which the collections are actually received. Earmarked funds are initially credited to a liability account in the balance sheet and are transferred to Statement of Income and Expenditure in the year in which and to the extent to which the Company complies with the conditions attached to them.

Interest income is recognised using the effective interest method.

e) Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the Company are broadly categorised as grants, project expenses and other operating expenses. Other operating expenses majorly include sub-contracting costs, legal and professional fees, travel expenses and other expenses. Other expenses is an aggregation of costs which are individually not material such as rates and taxes, bank charges etc.

f) 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.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

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 to collect contractual cash flows and the contractual terms of the financial assets 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

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.

g) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful life is as mentioned below:

Type of asset	Method	Useful life
Office equipment	Straight line	5 years

Notes forming part of the Financial Statements

3) Property, Plant and Equipment

Property, plant and equipment consist of the following:

(₹ crores)

Description	Office equipment	Total
Cost as at April 1, 2017	**-**	**-**
Additions	**0.04**	**0.04**
Disposals	**-**	**-**
Cost as at March 31, 2018	**0.04**	**0.04**
Accumulated depreciation as at April 1, 2017	**-**	**-**
Depreciation for the year	**0.01**	**0.01**
Disposals	**-**	**-**
Accumulated depreciation as at March 31, 2018	**0.01**	**0.01**
Net carrying amount as at March 31, 2018	**0.03**	**0.03**

4) Loans

Loans (unsecured) consist of the following:

(i) Long-term loans

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Considered good		
Inter-corporate deposits	**400.00**	-
	400.00	-

(ii) Short-term loans

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Considered good		
Inter-corporate deposits	**206.00**	-
	206.00	-

Inter-corporate deposits placed with financial institutions yield fixed interest rate.

5) Other Financial Assets

Other financial assets consist of the following:

(i) Non-current financial assets

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Interest receivable	**3.13**	-
	3.13	-

Notes forming part of the Financial Statements

(ii) Current financial assets

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Interest receivable	**0.57**	-
	0.57	-

6) Investments

Investments consist of the following:

Investments - Current

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Investment carried at fair value through profit and loss		
Mutual funds (unquoted)	**29.50**	473.49
	29.50	473.49

7) Cash and cash equivalents

Cash and cash equivalents consist of the following:

(₹ crores)

	As at March 31, 2017	As at March 31, 2016
Balances with banks		
(a) In savings accounts	**-***	-*
(b) In current accounts	**0.08**	-*
	0.08	0.01

* represents amount below ₹ 1 lakh

8) Other assets

Other assets consist of the following:

Other current assets

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Considered good		
Advance to grantee organisations	**-**	30.00
	-	30.00

Notes forming part of the Financial Statements

9) Share capital

The authorised, issued, subscribed and fully paid-up share capital comprises of equity shares having a par value of ₹ 10 each as follows:

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Authorised		
40,00,000 equity shares of ₹ 10 each	**4.00**	4.00
(March 31, 2018: 40,00,000 equity shares of ₹ 10 each)		
(March 31, 2017: 40,00,000 equity shares of ₹ 10 each)		
	4.00	4.00
Issued, Subscribed and Fully paid-up		
10,00,000 equity shares of ₹ 10 each	**1.00**	1.00
(March 31, 2018: 10,00,000 equity shares of ₹ 10 each)		
(March 31, 2017: 10,00,000 equi ty shares of ₹ 10 each)		
	1.00	1.00

a) Reconciliation of number of shares

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount (₹ crores)	Number of shares	Amount (₹ crores)
Equity shares				
Opening balance	**10,00,000**	**1.00**	10,00,000	1.00
Issued during the period	**-**	**-**	-	-
Closing balance	**10,00,000**	**1.00**	10,00,000	1.00

b) Rights and restrictions attached to shares

Equity shares

The Company has one class of equity shares having a par value of ₹10 each. The shareholders of the Company do not have any right to dividend. As per clause 10 of Memorandum of Association (MoA) of the Company, in the event of winding up or dissolution of the Company, the holder of equity shares will not be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. The amount remaining, if any, shall be given or transferred to such other company having similar objects, subject to such conditions as the Tribunal may impose, or may be sold and proceeds thereof credited to Rehabilitation and Insolvency Fund formed under Section 269 of the Companies Act, 2013

c) Details of shares held by holding company and shareholders more than 5% of the aggregate shares in the Company

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Equity shares		
Tata Consultancy Services Limited	10,00,000	10,00,000
	100.00%	100.00%

*includes 6 equity shares held by individuals of which beneficial ownership is held with TCS.

Notes forming part of the Financial Statements

10) Other equity

Other equity consist of the following:

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Retained earnings		
(i) Opening balance	**498.82**	276.59
(ii) Excess of income over expenditure	**137.22**	222.23
	636.04	498.82

11) Other liabilities

Other liabilities consist of the following:

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(a) Statutory liabilities	**0.01**	0.02
(b) Unutilised amounts from earmarked fund received (Refer note below)		
Opening balance	**1.48**	0.92
Add: Received during the year	**-**	0.68
Less: Transferred from Earmarked fund	**(0.22)**	(0.12)
	1.26	1.48
	1.27	1.50

Note:

The amount unutilised from Earmarked fund represent amounts received from donors for specific projects undertaken by the Company which have remained unutilised as at the Balance Sheet date.

12) Revenue

(₹ crores)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Donations	**172.94**	272.67
(b) Transfer from earmarked fund	**0.22**	0.12
	173.16	272.79

13) Other income (net)

Other income (net) consist of the following:

(₹ crores)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Interest income	**3.72**	-*
(b) Net gain on investments carried at fair value through profit and loss	**28.57**	25.78
	32.29	25.78
Interest income comprise :		
Interest on savings bank / bank deposits	**0.02**	-*
Interest receivable on inter-corporate deposits	**3.70**	-

* represents amount below ₹ 1 lakh

Notes forming part of the Financial Statements

14) Grants represent expenses towards Corporate Social Responsibility projects which are executed in collaboration with other charitable organisations.

Project expenses represent expenses towards Corporate Social Responsibility projects which are executed by the Company.

15) Other operating expenses

Other operating expense consist of the following:

(₹ crores)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Sub-contracting costs (Refer note 1 below)	**0.20**	0.50
(b) Legal and professional fees	**0.02**	0.07
(c) Payment to auditors (Refer note 2 below)	**0.03**	0.04
(d) Travel expenses	**0.01**	0.02
(e) Other expenses	**0.02**	-*
	0.28	0.63
Note 1: Cost of personnel on deputation from TCS.		
Note 2:		
As auditors - statutory audit (inclusive of GST) (₹ crores)		
Audit fees	**0.03**	0.03
Out-of-pocket expenses	**-**	0.01

* represents amount below ₹ 1 lakh

16) Income taxes

The Company is registered under section 12AA of the Income tax Act, 1961 which entitles it to claim an exemption from income tax, provided certain conditions laid down in the Income tax Act, 1961 are complied with. Provision for income tax would be made only in the year in which the Company is unable to establish reasonable certainty of its ability to fulfill these conditions. The Company has also obtained a certificate under Section 80 G of the Income tax Act, 1961. Income tax assets includes TDS receivable.

17) Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2(f) to the financial statements.

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as of March 31, 2018 is as follows:

(₹ crores)

	Fair value through profit and loss	Amortised cost	Total carrying value
Financial Assets:			
Cash and cash equivalents	**-**	**0.08**	**0.08**
Investments	**29.50**	**-**	**29.50**
Loans*	**-**	**606.00**	**606.00**
Total	**29.50**	**606.08**	**635.58**
Financial Liabilities:			
Trade payables	**-**	**1.29**	**1.29**
Total	**-**	**1.29**	**1.29**

*Loans include inter-corporate deposits, with original maturity period within 13 months.

The carrying value of financial instruments by categories as of March 31, 2017 is as follows:

(₹ crores)

	Fair value through profit and loss	Amortised cost	Total carrying value
Financial Assets:			
Cash and cash equivalents	-	0.01	0.01
Investments	473.49	-	473.49
Total	473.49	0.01	473.50
Financial Liabilities:			
Trade payables	-	2.47	2.47
Total	-	2.47	2.47

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarises financial assets measured at fair value on a recurring basis:

(₹ crores)

As of March 31, 2018:	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:				
Mutual funds	**29.50**	**-**	**-**	**29.50**
Total	**29.50**	**-**	**-**	**29.50**

(₹ crores)

As of March 31, 2017:	Level 1	Level 2	Level 3	Total
Financial assets:				
Mutual funds	473.49	-	-	473.49
Total	473.49	-	-	473.49

There are no financial liabilities measured at fair value at the end of each reporting period.

(b) Financial risk management:

The Company is exposed primarily to liquidity risks which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

Notes forming part of the Financial Statements

i. 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 consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(₹ crores)

March 31, 2017	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
Financial liabilities:					
Trade and other payables	2.47	-	-	-	2.47
Total	2.47	-	-	-	2.47

(₹ crores)

March 31, 2018	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
Financial liabilities:					
Trade and other payables	**1.29**	**-**	**-**	**-**	**1.29**
Total	**1.29**	**-**	**-**	**-**	**1.29**

ii. Currency risk

The Company is not exposed to significant currency risk as the revenue and expenditure are primarily denominated in Indian Rupees.

18) Segment reporting

The Company is engaged in promoting and funding projects and / or programs, relating to Corporate Social Responsibility (CSR) in India, which in the context of Ind AS 108 Operating Segments is considered as the only reportable segment. The Company does not have any geographical segments.

19) Leases

The Company has taken on lease properties under operating lease arrangements. Most of the leases include renewal and escalation clauses. Operating lease rent expenses were ₹ 0.32 crores for the year ended March 31, 2018.

The following is a summary of future minimum lease rental commitments towards non-cancellable operating lease.

Operating lease

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Not later than one year	**0.35**	-
Total	**0.35**	-

20) Related party transactions

TCS Foundation's principal related parties consist of its holding company Tata Consultancy Services Limited and its subsidiaries. The Company routinely enters into transactions with its related parties in the ordinary course of business.

Related parties and their relationship

I) Ultimate Holding Company

Tata Sons Limited

II) Holding Company

Tata Consultancy Services Limited

III) Fellow subsidiaries with whom the Company has transactions

TCS e-Serve International Limited
APTOnline Limited (formerly APOnline Limited)
TATA Class Edge (A Division of TATA Industries Ltd)

Transactions with related parties are as follows:

(₹ crores)

	Year ended March 31, 2018		
	Holding Company	**Fellow subsidiaries**	**Total**
Donations	**171.50**	**1.44**	**172.94**
Purchase of services and facilities (including sub-contracting cost)	**2.11**	**0.20**	**2.31**
Facility running expenses	**0.39**	**-**	**0.39**

(₹ crores)

	Year ended March 31, 2017		
	Holding Company	Fellow subsidiaries	Total
Donations	271.57	1.10	272.67
Earmarked funds received	-	0.68	0.68
Purchase of services and facilities (including reimbursements)	7.66	-	7.66
Facility running expenses	0.25	-	0.25

Balances payable from related parties are as follows:

(₹ crores)

	Year ended March 31, 2018		
	Holding Company	**Fellow subsidiaries**	**Total**
Trade payables	**0.91**	**-**	**0.91**

(₹ crores)

	Year ended March 31, 2017		
	Holding Company	Fellow subsidiaries	Total
Trade payables	1.32	-	1.32

21) Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. The Company has not received any memorandum (as required to be filed by the suppliers with notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) from vendor claiming the status as micro or small enterprises, hence no disclosures have been made.

For and on behalf of the Board

N. Chandrasekaran
Chairman

Pauroos Karkaria
Director

Ajoyendra Mukherjee
Director

Roopa Purushothaman
Director

Mumbai, April 11, 2018

TATA CONSULTANCY SERVICES (AFRICA) PROPRIETARY LIMITED

(Registration Number: 2007/030546/07)

ANNUAL FINANCIAL STATEMENTS

For the year ended March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

CONTENT	PAGE

DIRECTORS' STATEMENT OF RESPONSIBILITY

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The auditors are responsible for reporting on the fair presentation of the annual financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

The directors are also responsible for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the company's assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems have occurred during the year under review.

The financial statements have been prepared on the going concern basis since the directors believe that the company has adequate resources in place to continue in operation for the foreseeable future.

Directors' approval of the annual financial statements

The annual financial statements and directors report were approved by the Directors on May 18, 2018 and are signed on their behalf by:

Authorised Director

Mr. Vishwanathan Iyer

Authorised Director

Mr. Ajoyendra Mukherjee

DIRECTORS' REPORT

The directors have pleasure in presenting their report on the activities of the Company for the year ended March 31, 2018.

Nature of business

The Company acts as an investment holding company. Its subsidiary provides IT consulting services.

General review of operations

The financial position of the Company and the results of its operations for the year under review are set out in the attached financial statements and in the opinion of the directors require no further comment. Profit after tax for the Company amounted to 2018: R 29,650,167 and (2017: R 92,544,209) respectively.

Dividends

A dividend of R 29,400,000 was paid during the year ended March 31, 2018 (2017: Nil)

Shareholder

The current shareholder of Tata Consultancy Services (Africa) Proprietary Limited is:

	As at March 31, 2018	As at March 31, 2017
Tata Consultancy Services Limited	**100%**	100%

Directors and secretary

The directors of the company during the year under review and up to the date of this report are:

Mr. Ajoyendra Mukherjee* - Appointment Date: September 11, 2017

Mr. Ravi Viswanathan* - Resigned: September 11, 2017

Mr. Vishwanathan Iyer*

*Indian

Registered office and postal address

The registered office and postal address of the company are:

Registered Address: 39, Ferguson Road, Illovo, 2196

Postal address: P.O. Box 706, Melrose Arch, 2076

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF
TATA CONSULTANCY SERVICES (AFRICA) PROPRIETARY LIMITED

Opinion

We have audited the financial statements Tata Consultancy Services (Africa) Proprietary Limited (the company) set out below, which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tata Consultancy Services (Africa) Proprietary Limited as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa and the Directors' Statement of Responsibility Statement. 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 International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG Inc.

Per C Erasmus
Chartered Accountant (SA)
Registered Auditor
Director
18 May 2018

Statement of Financial Position as at March 31, 2018 and March31, 2017

(Amount in : ZAR)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS:			
Current assets:			
Cash and cash equivalents	3	**523,498**	278,102
Other financial assets	4	**695**	-
Income tax assets (net)		**-**	164
Total current assets		**524,193**	278,266
Non-current assets:			
Investments	5	**106,700,000**	106,700,000
Total non-current assets		**106,700,000**	106,700,000
TOTAL ASSETS		**107,224,193**	106,978,266
LIABILITIES AND EQUITY:			
Liabilities:			
Current liabilities:			
Trade payables	6	**97,912**	102,165
Income tax liabilities (net)		**13**	-
Total current liabilities		**97,925**	102,165
Total liabilities:		**97,925**	102,165
Equity:			
Share capital	7	**14,000,000**	14,000,000
Retained earnings		**93,126,268**	92,876,101
Total equity		**107,126,268**	106,876,101
TOTAL LIABILITIES AND EQUITY		**107,224,193**	106,978,266

See accompanying notes forming part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income for the year ended March 31, 2018 and March 31, 2017

(Amount in : ZAR)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
Dividend received		**29,700,001**	93,316,500
Operating expenses:			
Other operating expenses	8	**83,470**	234,768
Total operating expenses		**83,470**	234,768
Operating profit		**29,616,531**	93,081,732
Other income / (expense):			
Interest Income	9 (a)	**46,666**	60,921
Finance costs	9 (b)	**-**	(581,536)
Profit before Taxes		**29,663,197**	92,561,117
Income tax expense	10	**13,030**	16,908
Profit for the year		**29,650,167**	92,544,209
Total comprehensive income, net of taxes:		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**29,650,167**	92,544,209

See accompanying notes forming part of the financial statements.

Statement of changes in Equity for the year ended March 31, 2018 and March 31, 2017

(Amount in : ZAR)

	Share capital	Retained earnings	Total equity
Balance as at April 1, 2016	14,000,000	331,892	14,331,892
Total comprehensive income for the year	-	92,544,209	92,544,209
Balance as at March 31, 2017	**14,000,000**	**92,876,101**	**106,876,101**
Total comprehensive income for the year	**-**	**29,650,167**	**29,650,167**
Dividend	**-**	**(29,400,000)**	**(29,400,000)**
Balance as at March 31, 2018	**14,000,000**	**93,126,268**	**107,126,268**

See accompanying notes forming part of the financial statements.

Statement of Cash Flows for the year ended March 31, 2018 and March 31, 2017

(Amount in : ZAR)

	Note	For Year ended March 31, 2018	For Year ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year		**29,650,167**	92,544,209
Adjustment for:			
Income tax expense	10	**13,030**	16,908
Operating profit before working capital changes		**29,663,197**	92,561,117
Trade receivables		**-**	7,674
Other financial assets		**(695)**	-
Trade and other payables		**(4,253)**	3,389
Cash generated from operating activites		**29,658,249**	92,572,180
Taxes paid		**(12,853)**	(17,070)
Net cash generated from operating activities		**29,645,396**	92,555,110
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividend paid		**(29,400,000)**	-
Purchase of shares in subsidiary		**-**	(93,200,000)
Net cash used in financing activities		**(29,400,000)**	(93,200,000)
Net change in cash and cash equivalents		**245,396**	(644,890)
Cash and cash equivalents, beginning of the year	3	**278,102**	922,992
Cash and cash equivalents, end of the year		**523,498**	278,102

See accompanying notes forming part of the Financial Statements.

Notes forming part of the Financial Statements

1. BACKGROUND AND OPERATIONS

Tata Consultancy Services (Africa) Proprietary Limited. (the "Company") is registered under Companies Act of South Africa having registration number 2007/030546/07

The Company acts as an investment holding company. Its subsidiary provides IT consulting services.

The address of the Company's registered office is 39 Ferguson road, Illovo, 2196

The financial statement were approved and authorised for issue on May 18, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

b. Basis of preparation

The financial statements have been prepared on historical cost basis except otherwise stated. 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.

c. Use of estimates and judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented.

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

The key source of estimation uncertainty that have a risk of causing a material adjustment within the next financial year are the following:

Provisions and contingent liabilities.

A provision is recognised when the company has a present obligation as a result of past event and it is probable than 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 the end of each reporting period adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

d. Revenue recognition

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using effective interest method.

e. Cost recognition

The costs of the company are broadly categorised into Other operating expenses which mainly include fees to external consultants and other expenses. Other expenses comprise of bank charges and payment to auditors.

During the Financial year, the Company decided to present an analysis of expenses recognized in the Profit or Loss using a classification based on their nature instead of by their function. The change has been made, as classification of expenses by nature is considered to provide more reliable and relevant information to users than their classification by function. Information on the nature of expenses is useful in predicting future cash flows. Classification by nature is simple and does not require allocations and involves lesser management judgement. The Company intends to follow this approach on a consistent basis.

f. Investment in Subsidiary

Investment in subsidiary is stated at cost less accumulated impairment losses in the company's financial statements.

Notes forming part of the Financial Statements

g. Foreign currency

The functional and reporting currency of Tata Consultancy Services (Africa) Proprietary Limited is Rands ("ZAR"). Foreign currency transactions are translated into functional currency at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated into the functional currency using exchange rates prevailing on the balance sheet date. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities are included in profit or loss. Non monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

h. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period. 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 unit intends to settle the asset and liability on a net basis.

The Company accounts for the deferred income taxes using the balance sheet approach. Deferred income taxes are provided for the differences between the tax base of assets and liabilities and their reported amounts in the financial statements.

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 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.

i. Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The Company classifies non-derivative financial liabilities into the following categories: financial liabilities at FVTPL and other financial liabilities.

Cash and cash equivalents

The company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

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 in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the company is recognised as a separate asset or liability.

Financial assets at FVTPL

A financial asset is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at FVTPL are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments are recognised in other comprehensive income (OCI) and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Non-derivative financial liabilities – Measurement

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss. Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

j. Impairment

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

k. Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to

Notes forming part of the Financial Statements

the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

l. Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in profit and loss statement

m. Capital management

The Company's objective for capital management is to maximize 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 product and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated.

n. Recent Accounting Standards –

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRIC 22	Foreign Currency Transactions and Advance Consideration[2]
IFRS 9 (2014)	Financial Instruments[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Annual improvements - 2015-2017 cycle	IAS 12 Income Taxes

1 Effective for annual periods beginning on or after January 1, 2018

2 Effective for annual periods beginning on or after January 1, 2019

IFRIC 22- Foreign Currency Transactions and advance consideration

On December 8, 2016, the International Accounting Standards Board issued IFRIC 22 which clarifies the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact, if any, of IFRIC 22 on its financial statements.

IFRIC 23- Uncertainty over Income Tax Treatments

On June 7, 2017, the International Accounting Standards Board issued IFRIC 23 which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Notes forming part of the Financial Statements

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39

Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

  Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

- Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

  The company is in the process of evaluating the impact of the new standard.

  Annual improvements — 2015-2017 cycle

  In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IAS 12 Income Taxes — an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The company is in the process of evaluating the impact of the new standard.

3. CASH AND CASH EQUIVALENTS

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Balances with bank		
In current account	**123,498**	78,102
In deposit account	**400,000**	200,000
Total	**523,498**	278,102

4. OTHER CURRENT FINANCIAL ASSETS

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Accrued interest on bank deposits	**695**	-
Total	**695**	-

5. INVESTMENT

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Investment consist of the following		
Investment Non Current		
Investment in subsidiary	**106,700,000**	106,700,000
Total	**106,700,000**	106,700,000

The investment comprise of 100% investment in Tata Consultancy Services (South Africa) Proprietary Limited.

Notes forming part of the Financial Statements

6. TRADE PAYABLES

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Accrued expenses	**97,912**	102,165
Total	**97,912**	102,165

7. AUTHORISED, ISSUED, SUBSCRIBE AND PAID UP SHARE CAPITAL

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Authorised:		
20,000,000 ordinary shares of R1 each	**20,000,000**	20,000,000
Issued :		
14,000,000 ordinary shares of R1 each	**14,000,000**	14,000,000
Share holding		
Tata Consultancy Services Limited	**100%**	100%

8. OTHER OPERATING EXPENSES

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Facility running expenses	**-**	116,500
Fees to external consultants	**7,852**	35,554
Other expenses	**75,618**	82,714
Total	**83,470**	234,768

9. FINANCE INCOME/(COST)

Finance income / (cost) consist of the following

9 (a) Interest income

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Interest Income - Bank	**46,666**	60,921
Total	**46,666**	60,921

9 (b) Finance cost

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Finance costs - South Africa Revenue Services	**-**	(581,536)
Total	**-**	(581,536)

10. INCOME TAX

The income tax expense consists of the following:

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Current Tax		
Current tax expense	**13,030**	16,908
Total	**13,030**	16,908

The reconciliation of estimated income tax expense at the Statutory income tax rate to income tax expense reported in statement of profit or loss and other comprehensive income is as follows

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Current tax Expenses		
Income before Taxes	**29,663,197**	92,561,117
Statutory Tax rate	**28.00%**	28.00%
Expected income tax expense	**8,305,695**	25,917,113
Less: Income exempt from tax	**(8,316,000)**	(26,128,646)
Disallowable expenses		
Other	**23,335**	228,441
Total tax expense	**13,030**	16,908

11. FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities

The fair values of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 approximate the carrying amounts because of the short-term nature.

The carrying value of financial instruments by categories as at March 31, 2018 is as follows

(Amount in : ZAR)

	Cash and loans receivable	Financial liability	Total carrying	Total fair value
Assets:				
Cash and cash equivalents	**523,498**	**-**	**523,498**	**523,498**
Other financial assets	**695**	**-**	**695**	**695**
Total	**524,193**	**-**	**524,193**	**524,193**
Liabilities:				
Trade payables	**-**	**97,912**	**97,912**	**97,912**
Total Liabilities	**-**	**97,912**	**97,912**	**97,912**

The carrying value of financial instruments by categories as at March 31, 2017 is as follows

	Cash and loans receivable	Financial liability	Total carrying	Total fair value
Assets:				
Cash and cash equivalents	278,102	-	278,102	278,102
Total	278,102	-	278,102	278,102
Liabilities:				
Trade payables	-	102,165	102,165	102,165
Total	-	102,165	102,165	102,165

Notes forming part of the Financial Statements

12. RISK MANAGEMENT

(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 analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ZAR 524,193 and ZAR 278,102 as of March 31, 2018 and March 31, 2017, respectively being the total of the carrying amount of balances with bank, bank deposit and other financial assets. Balance with bank are held with banks with high credit ratings.

(b) 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 consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.
The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

(Amount in : ZAR)

	Due in 1st year	Due in 2nd to 5th year	Total
March 31, 2018			
Non derivative financial liabilities			
Trade and other payables	**97,912**	**-**	**97,912**
Total	**97,912**	**-**	**97,912**
March 31, 2017			
Non derivative financial liabilities			
Trade and other payables	102,165	-	102,165
Total	102,165	-	102,165

(c) Foreign currency exchange rate risk

The fluctuation in foregin currency exchange rate may have potential impact on the statemnet of Profit and Loss, Other comprehensive income and Equity , where any transaction references more than one currency or where assets/ liabilites are denominated in a currency other than functional currency of the company.

At year end the Company did not have any foreign currency exposures.

(d) Interest rate risk

Interest rate risk is the risk of changes in market interest rates affecting the overall return of the Company. The Company does not hedge its interest rate exposure. The Company's exposure to interest rate risk is limited to its bank deposits. Assuming that the deposits remain the same, the Company will benefit by ZAR 533 (2017: ZAR 2,781 on the basis of 100 bps) with the increase of 25 bps in interest rate. In case the interest rate decreases by 25 bps the Company will incur a reduction in income by the same amount.

Notes forming part of the Financial Statements

13. RELATED PARTY TRANSACTIONS

Tata Consultancy Services (Africa) Proprietary Limited principal related parties consist of its holding company Tata Consultancy Services Limited and its holding and subsidiaries. The company routinely enters into transactions with its related parties in the ordinary course of business.

Transactions with related parties

(Amount in : ZAR)

	With Tata Consultancy Services Limited, Holding Company	With Tata Consultancy Services (South Africa) Proprietary Limited, Subsidiary Company	Total
For the year ended March 31, 2018			
Particulars			
Dividend paid	**29,400,000**	**-**	**29,400,000**
Dividend received	**-**	**29,700,001**	**29,700,001**
For the year ended March 31, 2017			
Particulars			
Dividend received	-	93,316,500	93,316,500

14. GOING CONCERN

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

15. SUBSEQUENT EVENTS

There have been no circumstances of a material nature that have occurred between the financial year end and the date of approval of these financial statements that require adjustment or disclosure in the financial statements.

16. CONSOLIDATION

The following set of financial statements represents the financial statements of the entity. The exemption under IAS27.16(1) has been applied and consolidated financial statements were not prepared. The consolidated financial statements of the ultimate parent company are available on demand.

17. COMPARATIVE INFORMATION

The corresponding figures presented for the year ended 31 March 2017 have been reclassified where necessary to preserve consistency with the year ended 31 March 2018 figures. However, such reclassifications did not have any effect on the comprehensive income or the total equity for the year ended 31 March 2018.

Tata Consultancy Services Asia Pacific Pte Ltd
Registration Number: 200308003M

Annual Financial Statements
for the year ended on 31 March 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2018.

In our opinion:

a. the financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the year 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:

Girish Ramachandran

Amur S Lakshminarayanan

Sudeep Kunnumal

Natrajan Ganapathy Subramaniam (Appointed on 18 September 2017)

Kasturirangan Suresh (Appointed on 30 April 2018)

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/date of appointment**	**Holdings at end of the year**
Tata Consultancy Services Limited		
-Immediate holding company		
Ordinary shares		
Girish Ramachandran	5,500	5,500
Amur S Lakshminarayanan	79,920	79,920
Sudeep Kunnumal	280	280
Natrajan Ganapathy Subramaniam	98,800	98,800

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 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 option.

Auditors

Pursuant to a directors' resolution dated 25 July 2017, KPMG LLP were appointed as the auditors of the Company. The auditors, KPMG LLP, have indicated their willingness to accept appointment.

On behalf of the Board of Directors

______________________________	______________________________
Girish Ramachandran	[ ]
Director	*Director*

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

TATA CONSULTANCY SERVICES ASIA PACIFIC PTE LTD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Tata Consultancy Services Asia Pacific Pte Ltd ('the Company'), which comprise the statement of financial position as at 31 March 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the 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 matters

The financial statements for the year ended 31 March 2017 were audited by another auditor whose report dated 26 April 2017 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]

Statement of Financial Position as at March 31, 2018

(Amount in : US$)

	Note	2018	2017
ASSETS:			
Investments in subsidiaries	4	**68,408,434**	69,262,129
Derivative financial instruments	5	**37,334,021**	15,792,640
Available-for-sale investments	6	**900,000**	900,000
Equipment	7	**1,521,914**	1,819,080
Non-current assets		**108,164,369**	87,773,849
Cash and cash equivalents	8	**9,569,146**	3,106,231
Trade and other receivables	9	**51,165,736**	46,282,255
Deposits and prepayments	10	**774,409**	723,239
Current assets		**61,509,291**	50,111,725
TOTAL ASSETS		**169,673,660**	137,885,574
Equity:			
Share capital	11	**4,400,000**	4,400,000
Retained earnings		**100,660,825**	82,156,090
Total equity		**105,060,825**	86,556,090
Liabilities:			
Trade and other payables	12	**46,674,345**	30,620,203
Accruals	13	**14,646,005**	16,524,791
Tax payable		**3,292,485**	4,184,490
Current liabilities		**64,612,835**	51,329,484
Total liabilities		**64,612,835**	51,329,484
Total equity and liabilities		**169,673,660**	137,885,574

Statement of comprehensive income Year ended 31 March 2018

(Amount in : US$)

	Note	2018	2017
Revenue	14	**249,677,378**	254,068,407
Cost of sales		**(212,180,793)**	(215,579,403)
Gross profit		**37,496,585**	38,489,004
Other operating income	15	**16,953,761**	4,584,154
Administrative expense	17	**(24,615,646)**	(21,435,825)
Fair value gain/(loss) on derivative financial instruments	5	**21,541,381**	(2,026,649)
Profit before tax		**51,376,081**	19,610,684
Tax expense	16	**(2,871,346)**	(3,852,490)
Profit for the year/Total comprehensive income for the year	17	**48,504,735**	15,758,194

Statement of changes in equity Year ended 31 March 2018

(Amount in : US$)

	Note	Share capital	Retained earnings	Total equity
Balance as at 1 April 2016		4,400,000	83,397,896	87,797,896
Total comprehensive income for the year				
Profit for the year		–	15,758,194	15,758,194
Total comprehensive income for the year		-	15,758,194	15,758,194
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Dividend paid	18	**–**	**(17,000,000)**	**(17,000,000)**
Total transactions with owners		**–**	**(17,000,000)**	**(17,000,000)**
At 31 March 2017		**4,400,000**	**82,156,090**	**86,556,090**
Balance as at 1 April 2017		**4,400,000**	**82,156,090**	**86,556,090**
Total comprehensive income for the year				
Profit for the year		**-**	**48,504,735**	**48,504,735**
Total comprehensive income for the year		**-**	**48,504,735**	**48,504,735**
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Dividend paid	18	**–**	**(30,000,000)**	**(30,000,000)**
Total transactions with owners		**–**	**(30,000,000)**	**(30,000,000)**
Balance as at March 31, 2018		**4,400,000**	**100,660,825**	**105,060,825**

Statement of Cash Flows for the year ended March 31, 2018

(Amount in : US$)

	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax		**51,376,081**	19,610,684
Adjustments for: Depreciation of equipment	5	**631,191**	627,354
Increase/(decrease) in allowance for doubtful debts	17	**194,875**	(18,222)
Profit on sale of investment in a subsidiary	17	**(10,111,614)**	-
Fair value (gain)/loss on derivative financial instruments	5	**(21,541,381)**	2,026,649
Dividend income	17	**(5,927,687)**	(4,222,308)
Interest income	17	**(1,515)**	(1,684)
		14,619,950	18,022,473
Changes in working capital:			
Trade and other receivables		**(5,078,356)**	17,933,042
Deposits and prepayments		**(51,170)**	278,670
Trade and other payables		**16,054,142**	(18,942,055)
Accruals		**(1,878,786)**	(1,327,953)
Cash generated from operations		**23,665,780**	15,964,177
Tax paid		**(3,763,351)**	(4,052,741)
Net cash flows from operating activities		**19,902,429**	11,911,436
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in subsidiary		**–**	(2,675,414)
Proceeds from sale of investment in a subsidiary		**10,965,309**	–
Dividend received	17	**5,927,687**	4,222,308
Interest received	17	**1,515**	1,684
Purchase of equipment		**(334,025)**	(240,739)
Net cash flows from investing activities	8	**16,560,486**	1,307,839
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid	18	**(30,000,000)**	(17,000,000)
Net cash flows used in financing activity		**(30,000,000)**	(17,000,000)
Net increase/(decrease) in cash and cash equivalents		**6,462,915**	(3,780,725)
Cash and cash equivalents at 1 April		**3,106,231**	6,886,956
Cash and cash equivalents at 31 March	7	**9,569,146**	3,106,231

Notes forming part of 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 [date of signing].

1. DOMICILE AND ACTIVITIES

Tata Consultancy Services Asia Pacific Pte Ltd ('the Company') is incorporated in the Singapore. The address of the Company's registered office is 60 Anson Road, #18-01/02 Mapletree Anson, Singapore 079914.

The principal activities of the company are to provide IT consulting, software solutions and services and products in the Asia Pacific region.

The results of the company include its South Korean branch results. The principal activities of the branch are to provide IT consulting, software solutions and products.

The Company's immediate holding corporation is Tata Consultancy Services Limited, incorporated in India. The ultimate holding corporation is Tata Sons Limited, also incorporated in India.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed.

2.3 Functional and presentation currency

These financial statements are presented in United States dollars ('US$'), which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs 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 within the next financial year are discussed below:

a. Allowance for doubtful trade receivables

Management regularly reviews the recoverability and aging of the trade receivables in arriving at estimates of allowances for doubtful trade receivables. Management considers the credit history and financial position of the customer before assessing the need for any allowance to be made. The carrying amount of trade receivables is disclosed in note 9 to the financial statements.

b. Revenue recognition

Revenue from fixed-fee projects is recognised by reference to the stage of completion of the transaction at the end of the reporting period and the costs incurred for the transaction and the costs to complete can be measured reliably as set out in FRS 18 *Revenue*.

In making this judgement, management considers the reasonableness of costs incurred to-date and the estimated costs for completion for each project. Based on this, the percentage of completion is obtained and revenue is adjusted accordingly. When estimates indicate that a loss could be incurred, then the Company makes a provision for such loss in the period the loss becomes probable.

c. Impairment of investments in subsidiaries

Investments in subsidiaries are stated at cost less impairment loss. The company follows the guidance of FRS 36 *Impairment of Assets* to determine whether its investments in subsidiaries is impaired. This determination requires significant judgement. In making this judgement, the company evaluates, among other factors, the market and economic environment in which the subsidiaries operate, economic performance of the subsidiaries, the duration and extent to which the cost of investment exceeds their net tangible assets value. The carrying amounts of the company's investments in subsidiaries are disclosed in note 4.

d. Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

e. Fair value of derivative financial instruments

In arriving at the fair value of the derivative financial instruments, management prepares forecasts in relation to the performance of a subsidiary. The key assumptions for these forecasts are those regarding the discount rates, growth rates and expected changes to sales and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the subsidiary. The growth rates are based on industry growth forecasts where the subsidiary operates. Changes in sales and direct costs are based on past practices and expectations of future changes in the market. Management also makes estimates on the interest rate, dividend yield and volatility and the likelihood of default. The fair value of the derivative financial instruments is disclosed in note 5 of the financial statements.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The management has overall responsibility for all significant fair value measurements, including Level 3 fair values.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is 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 (with Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in note 22 of 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.

3.1 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 at cost less impairment losses.

These financial statements are the separate financial statements of the Company. In accordance with FRS 110 *Consolidated Financial Statements,* the Company is exempted from the preparation of consolidated financial statements as the Company is itself a wholly-owned subsidiary of Tata Consultancy Services Limited. Publicly available consolidated financial statements are prepared by Tata Consultancy Services Limited, whose registered office is at 9th Floor, Nirmal Building, Nariman Point, Mumbai 400021, India.

Notes forming part of the Financial Statements

3.2 Foreign currency

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 recognised in profit or loss.

3.3 Financial instruments

i. Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

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 it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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 offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables (excluding unbilled revenues, advance billings and staff advances) and deposits.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any other categories of financial assets. Available for sale financial assets are stated at cost less impairment due to the unavailability of reliable estimates of fair value. Impairment losses are recognised directly in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

Available-for-sale financial asset comprise unquoted equity securities.

ii. Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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 offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These financial liabilities comprise trade and other payables (excluding unearned and deferred revenue) and accruals.

iii. Share capital

Ordinary shares

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.

iv. Derivative financial instruments

Derivatives are initially measured at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value at each reporting date and all changes in its fair value are recognised immediately in the profit or loss.

3.4 Equipment

i. Recognition and measurement

Items of equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of assets includes costs directly attributable to bringing the assets to a working condition for their intended use.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of 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 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 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 equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the 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.

Notes forming part of the Financial Statements

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

Computers	25%
Office equipment	10 to 20%
Furniture and fittings	20%
Leasehold improvements	Lease period at 20%

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

3.5 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.6 Impairment

i. Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

ii. Non-financial assets

The carrying amounts of the Company's non-financial 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. n 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.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other 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 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

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 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.

Employee leave entitlement

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

3.8 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.

3.9 Revenue

i. Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

ii. Rendering of services

Contracts are unbundled into separately identifiable components and the consideration is allocated to those identifiable components on the basis of their relative fair values. Revenue from bundled contracts that involve multiple performance obligations is allocated separately for each obligation based on their relative fair values.

Revenue from contracts priced on a time and material basis is recognised as services are rendered and as related costs are incurred.

Notes forming part of the Financial Statements

Revenue from software development contracts, which are generally time bound fixed price contracts, is recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognised when probable. Revenue in excess of billings is recognised as unbilled revenue in the statement of financial position; to the extent billings are in excess of revenue recognised, the excess is reported as unearned and deferred revenue in the statement of financial position.

Revenue from the sale of internally developed and manufactured systems and third party products which do not require significant modification is recognised upon delivery, which is when the absolute right to use passes to the customer and the Company does not have any material remaining service obligations.

Revenue from maintenance contracts is recognised on a pro-rata basis over the period of the contract.

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and the collectability of the resulting receivables is reasonably assured.

Revenue is recognised net of discounts and indirect taxes.

iii. Interest income

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

iv. Dividend income

Dividend income from investments is recognised in profit or loss when the Company's right to receive payment has been established.

3.10 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 a business combination, or items recognised directly in equity or in other comprehensive 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. 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.

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 the laws that have been enacted or substantively enacted by the reporting date.

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.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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.

3.11 Changes in accounting policies

Revised standards

The Company has applied the following amendments for the first time for the annual period beginning on 1 April 2017:

- *Disclosure Initiative (Amendments to FRS 7);*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and*
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016).*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

Disclosure Initiative (Amendments to FRS 7)

From 1 April 2017, as a result of the amendments to FRS 7, the Company has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 March 2018. Comparative information has not been presented (see note 18).

3.12 New standards and interpretations not adopted

A number of new standards are effective for annual periods beginning after 1 April 2017 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following standards are expected to have a material impact on the Company's financial statements in the period of initial application:

Applicable to 2019 financial statements

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 115 *Revenue from Contracts with Customers* FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue,* FRS 11 *Construction Contracts,* INT FRS 113 *Customer Loyalty Programmes,* INT FRS 115 *Agreements for the Construction of Real Estate,* INT FRS 118 T*ransfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services.* FRS 115 is effective for annual periods beginning on or after 1 April 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2019 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.	The Company has completed its evaluation of the possible impact of FRS 115 over the past few quarters. The Company will adopt FRS 115 with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material to its net income on an ongoing basis.

Notes forming part of the Financial Statements

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 109 Financial Instruments FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement.* It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. FRS 109 is effective for annual periods beginning on or after 1 April 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 April 2018.	The Company has performed its initial assessment of the impact on the Company's financial statements. The Company's initial assessment of the elements of FRS 109 is as described below: **Classification and measurement –** The Company does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. **Impairment –** The Company is currently assessing the potential impacts on the adoption of lifetime estimated credit loss approach under FRS 109. **Transition –** The Company plans to adopt the standard when it becomes effective in 2019, and is gathering data to quantify the potential impact arising from the adoption.

Applicable to 2020 financial statements

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 116 Leases FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases.* Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease;* INT FRS 15 *Operating Leases—Incentives;* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* FRS 116 is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted if FRS 115 is also applied.	The Company is currently assessing the potential impacts of adopting this new standard on the financial statements of the Company.

Other standards

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- *Classification and Measurement of Share-based Payment Transactions* (Amendments to FRS 102);
- *Transfers of Investment Property* (Amendments to FRS 40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to FRS 101);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to FRS 28);
- Applying FRS 109 *Financial Instruments* with FRS 104 *Insurance Contracts* (Amendments to FRS 104);
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to FRS 110 and FRS 28);
- *Prepayment Features with Negative Compensation* (Amendments to FRS 109);
- *Long-term Interests in Associates and Joint Ventures* (Amendments to FRS 28);
- INT FRS 122 *Foreign Currency Transactions and Advance Consideration;* and
- INT FRS 123 *Uncertainty over Income Tax Treatments.*

4. INVESTMENTS IN SUBSIDIARIES

(Amount in : US$)

	2018	2017
Unquoted equity shares, at cost	**68,408,434**	69,262,129

The subsidiaries of the company are as set out below:

Name of subsidiary	Country of incorporation and operations	Proportion of ownership interest and voting power held		Principal activities
		2018 %	**2017 %**	
Tata Consultancy Services Malaysia Sdn Bhd	Malaysia	**100**	100	Provide IT consulting software solutions, services and products
Tata Consultancy Services (China) Co., Ltd	People's Republic of China	**93.20**	93.20	Provide IT consulting software solutions, services and products
PT Tata Consultancy Services Indonesia	Indonesia	**100**	100	Provide IT consulting software solutions, services and products
Tata Consultancy Services (Thailand) Limited (A)	Thailand	**100**	100	Provide IT consulting software solutions, services and products
Tata Consultancy Services (Philippines) Inc. (B)	Philippines	**100**	100	Provide IT consulting software solutions, services and products
Tata Consultancy Services Japan Limited (C)	Japan	**51**	51	Provide IT consulting software solutions, services and products

Notes forming part of the Financial Statements

(A) In 2010, the Company transferred 1 share each of Thai Baht 10 per share in this subsidiary to each of its wholly-owned subsidiaries Tata Consultancy Services Malaysia Sdn Bhd and Tata Consultancy Services (Philippines) Inc. The Company retains the voting power in the subsidiary.

(B) In 2018, pursuant to a proposal from the subsidiary to buy back its own shares, the Company sold 380,000 shares to the subsidiary at a value of Philippines Piso 1,454 per share. The Company recognised a profit on sale of investment in the subsidiary of US$10,111,614 in profit or loss (note 15).

(C) See note 5 to the financial statements.

5. DERIVATIVE FINANCIAL INSTRUMENTS

In June 2014, Tata Consultancy Services Japan Limited, the Company's wholly-owned subsidiary, IT Frontier Corporation ('ITF'), a wholly-owned subsidiary of Mitsubishi Corporation ('MC') and Nippon TCS Solution Center Limited ('NTSC'), a joint venture between Tata Consultancy Services Japan Limited and MC merged to form a single new entity known as Tata Consultancy Services Japan Limited ('TCS Japan'). The Company has 51% equity interest in TCS Japan while MC has 49% equity interest. As part of the agreement in relation to the above, the Company entered into a put and call option agreement with MC which is exercisable from 1 June 2019, whereby the Company has the option to buy 15% of MC's equity interest. The purchase consideration for the exercise of the option shall be at the higher of the amount equivalent to 15% of the net asset value of TCS Japan in the preceding financial year ending 31 March and JPY3.5 billion.

(Amount in : US$)

	2018	2017
Derivative financial asset		
Financial instruments designated at fair value through profit or loss		
Put and call option	**37,334,021**	15,792,640

6. AVAILABLE-FOR-SALE INVESTMENTS

(Amount in : US$)

	2018	2017
Unquoted equity shares, at cost	**900,000**	900,000

The investments are measured at cost less impairment as the investments are unquoted and their fair value cannot be reliably estimated.

7. EQUIPMENT

(Amount in : US$)

	Computers	Office equipment	Furniture and fittings	Leasehold improvements	Capital work in progress	Total
Cost						
At 1 April 2016	1,692,269	1,000,887	907,461	1,948,195	94,893	5,643,705
Additions	176,986	9,881	–	23,631	30,241	240,739
At 31 March 2017	1,869,255	1,010,768	907,461	1,971,826	125,134	5,884,444
Additions	172,066	24,193	127,551	10,215	–	334,025
Transfers	13,769	1,694	–	198	(15,661)	–
At 31 March 2018	2,055,090	1,036,655	1,035,012	1,982,239	109,473	6,218,469
Accumulated depreciation						
At 1 April 2016	1,378,797	600,226	648,172	810,815	–	3,438,010
Depreciation	153,250	101,606	63,883	308,615	–	627,354
At 31 March 2017	1,532,047	701,832	712,055	1,119,430	–	4,065,364
Depreciation	165,670	86,195	66,791	312,535	–	631,191
At 31 March 2018	1,697,717	788,027	778,846	1,431,965	–	4,696,555
Carrying amount						
At 1 April 2016	313,472	400,661	259,289	1,137,380	94,893	2,205,695
At 31 March 2017	337,208	308,936	195,406	852,396	125,134	1,819,080
At 31 March 2018	357,373	248,628	256,166	550,274	109,473	1,521,914

8. CASH AND CASH EQUIVALENTS

(Amount in : US$)

	2018	2017
Cash at banks	**9,565,434**	3,103,105
Cash on hand	**3,712**	3,126
Cash and cash equivalents in the statement of cash flows	**9,569,146**	3,106,231

Notes forming part of the Financial Statements

9. TRADE AND OTHER RECEIVABLES

(Amount in : US$)

	2018	2017
Trade receivables (third parties)	**23,278,695**	27,648,972
Allowance for doubtful debts	**(611,308)**	(416,433)
	22,667,387	27,232,539
Amounts due from (trade):		
- immediate holding company	**5,604,706**	4,226,797
- subsidiaries	**3,399,634**	3,806,915
- related corporations	**491,690**	661,056
Unbilled revenue and advance billings from:		
- immediate holding company	**3,477,428**	1,825,718
- subsidiaries	**479,753**	224,713
- related corporations	**242,596**	–
Unbilled revenues (third parties)	**13,646,956**	7,547,833
Staff advances	**619,078**	663,568
Other receivables	**536,508**	93,116
	51,165,736	46,282,255

Trade receivables are non-interest bearing and are generally on 30 days' terms.

Amounts due from the immediate holding company, subsidiaries and related corporations are unsecured, interest-free and are to be settled in cash. There is no allowance of doubtful debts arising from these outstanding balances.

The Company's exposure to credit and currency risks for trade and other receivables (excluding unbilled revenues, advance billings and staff advances) and are discussed in note 22.

10. DEPOSITS AND PREPAYMENTS

(Amount in : US$)

	2018	2017
Deposits	**727,052**	672,548
Prepayments	**47,357**	50,691
	774,409	723,239

11. SHARE CAPITAL

(Amount in : US$)

	No. of shares 2018	No. of shares 2017	Amount 2018	Amount 2017
Fully paid ordinary shares, with no par value:				
At 1 April and 31 March	**7,582,820**	7,582,820	4,400,000	4,400,000

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

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of share capital and retained earnings.

Management reviews the capital structure on a semi-annual basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of management, the company will balance its overall capital structure through the payment of dividends and new share issues. The Company does not have any externally imposed capital restrictions.

The company's overall strategy remains unchanged from the prior year.

12. TRADE AND OTHER PAYABLES

(Amount in : US$)

	2018	2017
Amounts due to:		
- ultimate holding company (non-trade)	**602,201**	682,272
- immediate holding company (trade)	**40,637,660**	18,341,502
- subsidiaries (trade)	**1,148,576**	6,091,102
- related corporations (trade)	**244,149**	136,968
Unearned and deferred revenue	**4,041,759**	5,368,359
	46,674,345	30,620,203

The average credit period on purchases of services is 30 days (2017: 30 days). Interest is not charged on the overdue balances.

Amounts due to the ultimate holding company, immediate holding company, subsidiaries and related corporations are unsecured, interest-free, repayable on demand and are to be settled in cash.

The Company's exposure to liquidity and currency risks for trade payables (excluding unearned and deferred revenue) are discussed in note 22.

13. ACCRUALS

(Amount in : US$)

	2018	2017
Employee benefits	**5,194,946**	3,460,968
Volume discount payable	**2,503,412**	2,707,867
Other accruals	**6,947,647**	10,355,956
	14,646,005	16,524,791

The Company's exposure to liquidity and currency risks for accruals are discussed in note 22.

Notes forming part of the Financial Statements

14. REVENUE

(Amount in : US$)

	2018	2017
Sales of services	**249,465,453**	253,906,742
Sales of goods	**211,925**	161,665
	249,677,378	254,068,407

15. OTHER OPERATING INCOME

(Amount in : US$)

	Note	2018	2017
Dividend income from:			
- subsidiaries	20	**5,379,055**	4,222,308
- available-for-sale investment		**548,632**	–
Profit on sale of investment in a subsidiary	4	**10,111,614**	–
Foreign exchange gain, net		**696,689**	184,318
Interest income		**1,515**	1,684
Other income		**216,256**	175,844
		16,953,761	**4,584,154**

16. TAX EXPENSE

(Amount in : US$)

	2018	2017
Current tax expense		
Current year	**2,871,346**	3,852,490
Reconciliation of effective tax rate		
Profit before tax	**51,376,081**	19,610,684
Tax calculated using Singapore tax rate of 17% (2017: 17%)	**8,733,934**	3,333,816
Non-allowable items	**526,128**	1,236,466
Tax effect on exempted income	**(6,388,716)**	(717,792)
	2,871,346	**3,852,490**

Notes forming part of the Financial Statements

17. PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

(Amount in : US$)

	2018	2017
Directors' remuneration	**985,120**	808,834
Employee benefits expense (including directors' remuneration)	**91,379,086**	92,671,056
Contributions to defined contribution plans	**3,412,895**	2,821,750
Allowance/(reversal) for impairment of trade receivables	**194,875**	(18,222)
Cost of inventories charged to cost of sales	**78,918**	149,369
Depreciation	**631,191**	627,354
Foreign exchange gain, net	**(696,689)**	(184,318)

Administrative expense includes the following significant expenses:

(Amount in : US$)

	2018	2017
Directors' remuneration	**985,120**	808,834
Employee benefits expense (including directors' remuneration)	**15,592,356**	19,163,304
Contributions to defined contribution plans	**756,194**	583,742
Rental expenses	**977,205**	878,617
Depreciation	**103,899**	94,126

18. DIVIDENDS PAID

(Amount in : US$)

	2018	2017
Tax exempt interim dividends declared of US$3.96 (2017: US$2.24) per share	**30,000,000**	17,000,000

Reconciliation of movements of liabilities to cash flows arising from financing activities:

(Amount in : US$)

	Liabilities	Total
Trade and other payables -immediate holding company		
Dividends payable at 1 April 2017	**–**	**–**
Dividends declared	**30,000,000**	**30,000,000**
Dividends paid	**(30,000,000)**	**(30,000,000)**
Total changes from financing cash flows	**–**	**–**
Dividends payable at 31 March 2018	**–**	**–**

Notes forming part of the Financial Statements

19. OPERATING LEASES

(Amount in : US$)

	2018	2017
Minimum lease payments under operating leases recognised as an expense during the year	**2,241,015**	2,227,775

At the end of the reporting period, the company has outstanding commitments under non-cancellable operating leases, which fall due as follows:

(Amount in : US$)

	2018	2017
Within one year	**2,219,222**	1,970,672
Within second to fifth year (inclusive)	**1,053,620**	3,055,497
	3,272,842	5,026,169

Operating lease payments represent rentals payable by the company for its office properties and residential apartments. Leases are negotiated for an average term of 5 years (2017: 5 years) and rentals are fixed for an average of 5 years (2017: 5 years).

20. FINANCIAL GUARANTEES

(Amount in : US$)

	2018	2017
Financial guarantees to customers in respect to services performed by subsidiaries	**1,182,663**	1,259,968
Financial guarantees to vendors in respect of services performed for the Company	**549,837**	2,087,715

The fair value of the financial guarantees provided by the company is not material to the financial statements of the company and therefore not recognised.

21. RELATED PARTIES

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to 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 or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

The remuneration of directors during the year were as follows:

(Amount in : US$)

	2018	2017
Short-term benefits	**985,120**	808,834

The key management personnel are identified as the directors of the Company.

Other related party transactions

Significant intercompany transactions, other than those disclosed elsewhere in the notes to financial statements are as follows:

(Amount in : US$)

	2018	2017
Ultimate holding company		
Royalty expense	**(508,485)**	(680,404)
Associate of ultimate holding company		
Communication expenses	**(290,430)**	(392,541)

(Amount in : US$)

	2018	2017
Immediate holding company		
Rendering of services	**5,661,245**	10,178,171
Purchases of services	**(138,328,786)**	(140,599,276)
Dividend paid	**(30,000,000)**	(17,000,000)
Subsidiaries		
Rendering of services	**2,833,301**	4,655,135
Purchases of services	**(3,734,713)**	(7,938,248)
Dividend Received	**5,379,055**	4,222,308
Related companies		
Rendering of services	**4,713,253**	6,070,695
Purchases of services	**(773,645)**	(81,321)

22. 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

Notes forming part of the Financial Statements

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.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

The Company's principal financial assets are cash and cash equivalents, trade and other receivables (excluding unbilled revenues, advance billings and staff advances) and deposits.

The credit risk on liquid funds is limited because the counterparties are reputable banks. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

At the end of the reporting period, significant concentration of credit risk of the Company's trade receivables balance of US$5,604,706 and US$3,399,634 (2017: US$4,226,797 and US$3,806,915) were due from the immediate holding company and subsidiaries, respectively. Management has assessed that there is no change in credit quality from these companies and accordingly, no allowance is required. The ageing profile of loans and receivables (excluding cash and cash equivalents and deposits is as follows

(Amount in : US$)

	2018		2017	
	Gross	**Impairment losses**	**Gross**	**Impairment losses**
Not past due	**26,270,369**	**–**	28,310,135	–
Past due 1 – 30 days	**2,370,721**	**–**	1,281,529	–
Past due 31 – 60 days	**1,036,796**	**–**	1,163,306	–
Past due 61 – 90 days	**157,445**	**–**	1,824,378	–
Past due 91 – 180 days	**1,385,508**	**–**	1,689,763	–
Past due 181 – 365 days	**1,118,306**	**–**	464,629	–
Past due more than 365 days	**1,054,658**	**(611,308)**	1,703,116	(416,433)
	33,393,803	**(611,308)**	36,436,856	(416,433)

Based on historical default rates, the Company believes that no impairment allowance is necessary in respect of trade receivables not past due or past due but not impaired. These receivables mainly arise from customers and related corporations that have a good record with the Company.

The movement in allowance for impairment loss during the year is as follows:

(Amount in : US$)

	2018	2017
At 1 April	**(416,433)**	(456,466)
Impairment loss recognised	**(194,875)**	(18,222)
Impairment loss written-back	**–**	58,255
At 31 March	**(611,308)**	(416,433)

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 always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. All financial liabilities are either repayable on demand or due within one year after the end of the reporting period, except for derivative financial instruments (see note 5) and available-for-sale investments (see note 6).

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.

Interest rate risk

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the Company in the current reporting period or in future years. The company does not have any significant interest-bearing liabilities or interest earning assets.

Currency risk

The company operates regionally and therefore, transacts in various foreign currencies and therefore is exposed to foreign exchange risks. Exposure to currency risk is monitored on an on-going basis and the company endeavours to keep the net exposure at an acceptable level.

Exposure to currency risk

The Company's exposures to foreign currencies are as follows:

(Amount in : US$)

	Liabilities		Assets	
	2018	**2017**	**2018**	**2017**
Singapore dollar	**31,618,206**	15,539,811	**21,644,855**	20,630,526
Euro	**3,280,072**	2,659,526	**6,675,896**	3,526,363
Japanese yen	**345,607**	8,503	**230,100**	239,537
Korean won	**4,394,923**	2,134,179	**4,983,671**	3,837,055
Chinese renminbi	**567,701**	95,233	**1,288,842**	327,918
Great Britain pound	**793,947**	372,224	**431,512**	272,959
Hong Kong dollar	**178,436**	2,052,861	**198,864**	–
Indian rupee	**177,199**	402,058	**43,646**	15,778
New Taiwan dollar	**699,576**	856,703	**793,060**	–

Sensitivity analysis for foreign currency risk

A 10% strengthening/weakening of US$ against the following currencies at the reporting date would increase/(decrease) profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Notes forming part of the Financial Statements

(Amount in : US$)

	Strengthen		Weaken	
	2018	2017	**2018**	2017
Singapore dollar	**(997,335)**	509,072	**997,335**	(509,072)
Euro	**339,582**	86,684	**(339,582)**	(86,684)
Japanese yen	**(11,551)**	23,103	**11,551**	(23,103)
Korean won	**58,875**	170,288	**(58,875)**	(170,288)
Chinese renminbi	**72,114**	23,269	**(72,114)**	(23,269)
Great Britain pound	**(36,244)**	(9,927)	**36,244**	9,927
Hong Kong dollar	**2,043**	(205,286)	**(2,043)**	205,286
Indian rupee	**(13,355)**	(38,628)	**13,355**	38,628
New Taiwan dollar	**9,348**	(85,670)	**(9,348)**	85,670

Determination of fair values

The carrying amounts of financial assets and financial liabilities approximate their fair values because of the relative short-term maturity of these financial instruments. The available-for-sale investments are stated at cost less impairment as described in note 5 to the financial statements.

Fair value of the company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

	Fair value as at (US$)							
	2018		2017					
Financial assets/ financial liabilities	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
Call and put option	**37,334,021**	**–**	15,792,640	–	Level 3	Discounted cash flow using no arbitrage principle	Default risk of 1-4% (2017: 1-4%)	The higher the default risk, the higher the fair value
							Volatility of 26.5% (2017: 28%)	The higher the volatility, the higher the fair value
							Discount rate of 8.8% (2017: 10%)	The higher the discount rate, the lower the fair value.
							Terminal growth rate of 0.5% (2017: 0.5%)	The higher the terminal growth rate, the higher the fair value

Notes forming part of the Financial Statements

Sensitivity analysis

For the fair values of call and put options, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

(Amount in : US$)

	Profit or loss	
	Increase	**Decrease**
31 March 2018		
Terminal growth rate (0.5% movement)	**2,542,379**	**(2,255,499)**
Discount rate (1% movement)	**(5,785,367)**	**7,379,296**
31 March 2017		
Terminal growth rate (0.5% movement)	1,378,916	(1,241,280)
Discount rate (1% movement)	(3,199,058)	3,959,607

23. COMPARATIVE INFORMATION

The financial statements for the year ended 31 March 2017 were audited by another firm of Certified Public Accountants whose report dated 26 April 2017 expressed an unqualified opinion on those financial statements.

TCS FNS PTY LIMITED AND CONTROLLED ENTITIES

ABN 45 116 714 482

GENERAL PURPOSE FINANCIAL REPORT
REDUCED DISCLOSURE REQUIREMENTS

For the year ended
March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

CONTENT	PAGE

DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 31 March 2018.

Directors

The names of the directors in office at any time during or since the end of the year are:

Neville J Roach	-	Appointed on October 24, 2005
N Ganapathy Subramaniam	-	Appointed on April 11, 2008
Girish P Ramachandran	-	Appointed on November 09, 2015
Venkateshwaran Srinivasan	-	Appointed on June 12, 2017

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating results

The profit of the Group for the financial year after providing for income tax amounted to AUD 2,136,441 (2017 profit of AUD 7,550,835).

Review of operations

The Group has continued its focus on its core competency of product development with further growth of its core banking product to capture greater market share of the Banking sector in countries such as China.

Significant changes in state of affairs

No significant changes in the Group's state of affairs occurred during the financial year.

Principal activities

The principal activities of the Group during the financial year were holding investments in wholly owned subsidiaries. No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future development, prospects and business strategies

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Dividends paid or recommended

AUD 10,000,000 dividend was paid to Tata Consultancy Services Ltd (Parent Company) during the financial year. (2017: Nil).

Options

No options over issued shares or interests in the group were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnifying officers or auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the group.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Lead auditor's independence declaration

Auditor's independence declaration as required under section 307C of the Corporations Act 2001 forms part of this directors' report.

Dated May 18, 2018

Director
Neville J Roach

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of TCS FNS Pty Limited and controlled entities

I declare that, to the best of my knowledge and belief, in relation to the audit of TCS FNS Pty Limited and controlled entities for the financial year ended 31 March 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Niraj Singh
Partner
Sydney

DIRECTORS' DECLARATION

1. In the opinion of the directors of the Company:

   (a) The company is not publicly accountable.

   (b) The financial statements and notes, set out on pages (9.8 to 9.27), are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view presents fairly in all material respects of the Group's financial position as at March 31, 2018 of the company and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards-Special Purpose Requirements and the Corporations Regulations 2001); and

   (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the company and the group entities identified in the Note will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the deed of Cross Guarantee between the company and those group entities pursuant to ASIC Class Order 98/1418.

Signed in accordance with resolution of directors

Director

May 18, 2018 **Neville J Roach**

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

TCS FNS PTY LIMITED AND CONTROLLED ENTITIES

Opinion

We have audited the ***Financial Report*** of TCS FNS Pty Ltd Limited and controlled entities (the Group).

In our opinion, the accompanying Financial Report of the Group is in accordance with the *Co rporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 March 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

  The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 31 March 2018
- Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

  The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year ended 31 March 2018.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act* 2001 and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in TCS FNS Pty Limited and controlled entities' annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is 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 Australian *Auditing Standards* will always detect a material misstatement when it exists.

  Misstatements can arise from fraud or error. They 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 this Financial Report.

  A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_files/ar3.pdf.This description forms part of our Auditor's Report.

KPMG

Niraj Singh
Partner
Sydney

Statement of Financial Position as at March 31, 2018 and 2017

(Amount in : AUD)

		Group		Parent	
	Note	**As at March 31, 2018**	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Current assets:					
Cash and cash equivalents	8	**15,723,192**	16,701,817	**2,952**	2,506
Trade and other receivables	9	**2 8,414,528**	26,916,566	**-**	2 ,426,937
Other current assets	10	**198,030**	751,879	**2 ,934**	-
Total current assets		**4 4,335,750**	4 4,370,262	**5 ,886**	2 ,429,443
Non-current assets:					
Plant and equipment	11	**31,883**	139,402	**-**	-
Deferred tax assets	13	**6 ,193,535**	5 ,595,702	**-**	-
Investment in subsidary		**-**	-	**3 3,548,928**	3 3,548,928
Other non current assets	10	**705**	126,245	**-**	-
Total non-current assets		**6 ,226,123**	5 ,861,349	**3 3,548,928**	3 3,548,928
Total Assets		**50,561,873**	50,231,611	**33,554,814**	35,978,371
Current liabilities					
Trade and other payables	12	**19,472,537**	12,136,927	**3,505,828**	1,332,250
Income tax payable		**283,413**	-	**-**	-
Total current liabilities		**19,755,950**	12,136,927	**3,505,828**	1,332,250
Non-current liabilities:					
Other non current liabilities		**81,093**	-	**-**	-
Total non-current liabilities		**81,093**	-	**-**	-
Total liabilities		**1 9,837,043**	1 2,136,927	**3 ,505,828**	1 ,332,250
Net Assets		**3 0,724,830**	3 8,094,684	**3 0,048,986**	3 4,646,121
Equity					
Issued capital	14	**3 7,258,815**	3 7,258,815	**3 7,258,815**	3 7,258,815
Reserve	15	**425,850**	(67,855)	**-**	-
Accumulated (losses)/ gain		**(6,959,835)**	903,724	**(7,209,829)**	(2,612,694)
Total equity		**3 0,724,830**	3 8,094,684	**3 0,048,986**	**3 4,646,121**

See accompanying notes forming part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income for the years ended March 31, 2018

(Amount in : AUD)

	Note	Group		Parent	
		For the year ended March 31, 2018	For the year ended March 31, 2017	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Revenue	4	**20,238,444**	2 8,458,384	**-**	-
Other Income	4	**70,002**	116,756	**10,000,000**	-
Expenses					
Employee benefits expenses		**(9,963,046)**	(10,998,339)	**-**	-
Depreciation and amortisation expenses	5	**(133,090)**	(102,487)	**-**	-
Impairment expenses		**-**	-	**-**	(83,927)
Selling, general and administrative expenses		**(6,823,589)**	(6,403,554)	**(4,599,965)**	-
Foreign exchange gain/(loss)		**237,845**	(1,264,058)	**-**	-
Finance costs		**(11,023)**	(86,076)	**(104)**	-
Profit before income tax expense		**3,615,543**	9,720,626	**5,399,931**	(83,927)
Income tax (expense)/ benefit	6	**(1,479,102)**	(2,169,791)	**2 ,934**	-
Net profit /(loss)		**2,136,441**	7,550,835	**5 ,402,865**	(83,927)
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Foreign currency translation		**493,705**	(36,550)	**-**	-
Other comprehensive income for the year, net of tax		**493,705**	(36,550)	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,630,146**	7,514,285	**5 ,402,865**	(83,927)

See accompanying notes forming part of the financial statements.

Statements of Changes in Equity for the years ended March 31, 2018 and March 31, 2017

Consolidated Group

(Amount in : AUD)

	Contributed Equity	Accumulated (losses)/gain	Foreign Currency Translation reserve	Total
Balance as at April 1, 2016	37,258,815	(6,647,111)	(31,305)	30,580,399
Profit for the year	-	7,550,835	-	7,550,835
Total comprehensive income for the year	-	-	(36,550)	(36,550)
Balance as at March 31, 2017	**37,258,815**	**903,724**	**(67,855)**	**38,094,684**
Profit for the year	**-**	**2,136,441**	**-**	**2,136,441**
Dividend	**-**	**(10,000,000)**	**-**	**(10,000,000)**
Total comprehensive income for the year	**-**	**-**	**493,705**	**493,705**
Balance as at March 31, 2018	**37,258,815**	**(6,959,835)**	**425,850**	**30,724,830**

Parent Entity

(Amount in : AUD)

	Contributed Equity	Accumulated (losses)/gain	Foreign Currency Translation reserve	Total
Balance as at April 1, 2016	37,258,815	(2,528,767)	-	34,730,048
Profit for the year	-	(83,927)	-	(83,927)
Balance as at March 31, 2017	**37,258,815**	**(2,612,694)**	**-**	**34,646,121**
Profit for the year	**-**	**5,402,865**	**-**	**5,402,865**
Dividend	**-**	**(10,000,000)**	**-**	**(10,000,000)**
Balance as at March 31, 2018	**37,258,815**	**(7,209,829)**	**-**	**30,048,986**

See accompanying notes forming part of the financial statements.

Statements of Cash Flows for the years ended March 31, 2018 and March 31, 2017

(Amount in : AUD)

	Group		Parent	
	For Year ended March 31, 2018	For Year ended March 31, 2017	**For Year ende March 31, 2018**	For Year ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	**19,234,186**	26,086,688	**550**	-
Payments to suppliers, employees and others	**(8,367,746)**	(22,816,718)	**-**	-
Interest received	**70,002**	116,756	**-**	-
Interest & Other bank charges paid	**(11,023)**	(86,076)	**(104)**	-
Income tax paid	**(1,904,044)**	(2,187,457)	**-**	-
Net cash flows from operating activities	**9,021,375**	1,113,193	**446**	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	**(10,000,000)**	-	**-**	-
Receipt of loan from related party	**-**	-	**-**	1,000
Net cash flows from financing activities	**(10,000,000)**	-	**-**	1,000
Net increase/(decrease) in cash & cash equivalents	**(978,625)**	1,113,193	**446**	1,000
Cash & cash equivalent at the beginning of the financial year	**16,701,817**	15,588,624	**2,506**	1,506
Cash & cash equivalent at the end of the financial year	**15,723,192**	16,701,817	**2,952**	2,506

See accompanying notes forming part of the financial statements.

Notes forming part of the Financial Statements

1. REPORTING ENTITY

TCS FNS Pty Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia. Tata Sons Limited is the ultimate parent of the company.

In the opinion of directors, the Company is not publicly accountable nor a reporting entity. The financial statements of the company have been drawn up as a general purpose financial statements for the distribution to the members and for the purpose of the fulfilling the requirements of the Corporation act, 2001.

2. BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Group is a for-profit, private sector entity which is not publicly accountable. Therefore, the consolidated financial statements for the Group are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs).

The financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 31 March 2018. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through more than half of the voting rights. TCS Financial Solutions Beijing Co Ltd has a reporting date of December 31, 2017; all other subsidiaries have a reporting date of March 31, 2018

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests

a. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current and deferred income tax expense (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated 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 enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

TCS FNS Pty Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated entity under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

b. Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured at cost less depreciation and impairment losses.

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Leased assets are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

Notes forming part of the Financial Statements

The useful life for each class of depreciable assets is:

Class of Fixed Asset	Useful Life
Furniture and Fittings	7 years
Plant and equipment	2.5 to 7 years
Motor Vehicles	5 years
Leasehold improvements	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date. 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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

d. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

e. Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Classification and subsequent measurement

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

f. Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present

Notes forming part of the Financial Statements

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.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. 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.

g. Intangibles

Intellectual Property

Intellectual property is carried at cost less any accumulated amortisation. The carrying amount of intellectual property is reviewed annually by directors to ensure it is appropriately stated at year end.

Goodwill

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

h. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

i. Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related oncosts.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

j. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

k. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

l. Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

The Group enters into certain arrangements involving the delivery and implementation of a given software product against predetermined milestones and anticipated future maintenance and support. In arrangements where the revenue from the sale of product software licenses is not clearly separable for the revenue for installation and services, then the revenue is recognised on a percentage completion basis over the period of installation with due regard for future anticipated costs.

Income earned from maintenance services is recognised evenly over the maintenance period. Amounts received before the reporting date but which relates to unearned income as at that date, are presented under liabilities in the statement of financial position.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

All revenue is stated net of the amount of goods and services tax (GST).

m. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. 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.

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions and events specific to the Company that may be indicative of impairment triggers.

Provision for impairment of receivables

Included in accounts receivable at 31 March 2018 is an amount receivable from sales made to Tata Consultancy Services de Chile S.A. during the 2009 financial year amounting to USD 461,826 (AUD 602,670 as at 31 March 2018). Tata Consultancy Services de Chile S.A. is disputing the amount of the sales. In prior years this amount has been provided in full.

Notes forming part of the Financial Statements

Unearned income – percentage completion

The Group enters into certain arrangements involving the delivery and implementation of a given software product against predetermined milestones and anticipated future maintenance and support. In arrangements where the revenue from the sale of product software licenses is not clearly separable for the revenue for installation and services, then the revenue is recognised on a percentage completion basis over the period of installation with due regard for future anticipated costs.

o. Adoption of new and revised accounting standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

There are no significant effects on current, prior or future periods arising from the first-time application of the standards discussed above in respect of presentation, recognition and measurement of accounts.

p. New Accounting Standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after April 1, 2017, and have not been applied in preparing these financial statements. None of these expected to have a significant effect on the financial statements of the company, except for AASB 9 Financial Instruments, which becomes mandatory to annual reporting on or after January 2018. This could change the classification and measurement of the financial statements. The company does not plan to adopt this standard early and is evaluating the impact of the adoption of the above amendments of its financial statements.

q. Financial Instruments

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9.

4. REVENUE

(Amount in : AUD)

	Group		Parent	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Operating Activities				
Consultancy revenue	**9,458,591**	1 5,962,364	**-**	-
Maintenance services	**395,722**	441,701	**-**	-
License fees	**1 0,384,131**	1 2,054,319	**-**	-
Total Revenue	**20,238,444**	28,458,384	**-**	-
Non operating activites				
Interest received	**59,928**	116,756	**-**	-
Dividend	**-**	-	**10,000,000**	-
Other non operating income	**10,074**	-	**-**	-
Total Other income	**70,002**	116,756	**10,000,000**	-

5. RESULT FOR THE YEAR

(Amount in : AUD)

	Group		Parent	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Depreciation expense	**132,039**	102,487	**-**	-
Amortisation	**1,051**	-	**-**	-
Impairment expense	**-**	-	**-**	83,927
Net foreign currency (gains) /loss	**(237,845)**	1,264,058	**-**	-
Finance costs				
- Bank deposits	**11,023**	10,026	**-**	-
Interest Paid	**-**	76,050	**104**	-
Total finance cost	**11,023**	86,076	**104**	-

6. INCOME TAX (EXPENSE) / BENEFIT

(Amount in : AUD)

	Group		Parent	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Income tax (expense) / benefit	**(1,479,102)**	(2,169,791)	**2,934**	-
Current Tax provision	**(1,084,663)**	-	**-**	-
Income from subsidiaries tax at different tax rate	**(1,258,989)**	17,666	**2,934**	-
Current tax – overseas entities	**(12,687)**	(166,947)	**-**	-
Permanent Differences - Disallowed expenses	**195,812**	-	**-**	-
Overseas tax deducted at source (FITO Current year use)	**681,425**	(2,020,510)	**-**	-
	(1,479,102)	(2,169,791)	**2,934**	-

7. AUDITORS' REMUNERATION

(Amount in : AUD)

	Group		Parent	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Remuneration of the auditor of TCS FNS Pty Ltd				
For auditing *	**34,212**	64,000	**-**	-
For taxation and other services	**-**	58,300	**-**	-
	34,212	122,300	**-**	-

* Audit fees for March 31, 2018 and March 31, 2017 represents audit fees payable to KPMG and GT respectively.

Notes forming part of the Financial Statements

8. CASH & CASH EQUIVALENT

(Amount in : AUD)

	Group		Parent	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Cash at banks and in hand	**1 5,723,192**	1 6,701,817	**2 ,952**	2 ,506
Total	**1 5,723,192**	1 6,701,817	**2 ,952**	2 ,506

9. TRADE RECEIVABLES

(Amount in : AUD)

	Group		Parent	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Trade receivables	**1 0,868,541**	8,764,459	**-**	-
Other related party trade receivable - TCS Financial Solutions Australia (Holding) Pty Ltd	**-**	-	**-**	2 ,426,937
Allowance for impairment of receivables	**(613,890)**	(612,382)	**-**	-
Sundry debtors	**(34,250)**	5 91,891	**-**	-
	1 0,220,401	8,743,968	**-**	2 ,426,937
Accrued income	**1 8,194,127**	1 8,057,789	**-**	-
Related party accrued income	**-**	1 14,809	**-**	-
Total	**2 8,414,528**	2 6,916,566	-	2 ,426,937

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Allowance for impairment of receivables

Current trade and term receivables are non-interest bearing loans and generally on 30 -day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

10. OTHER ASSETS

(Amount in : AUD)

	Group		Parent	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Current assets				
Security deposit	**24,064**	1 15,963	**-**	-
Advance to employees	**7 ,728**	7 ,460	**-**	-
Advance to suppliers	**15,252**	4 4,780	**-**	-
Prepayments	**140,225**	5 83,676	**-**	-
Other advances	**10,761**	-	**-**	-
Other current assets	**-**	-	**2 ,934**	-
	198,030	7 51,879	**2 ,934**	**-**
Non current assets				
Security deposit	**7 05**	1 26,245	**-**	-
Total	**7 05**	1 26,245	**-**	-

Notes forming part of the Financial Statements

11. PLANT AND EQUIPMENT

(Amount in : AUD)

	Group		Parent	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Plant and Equipment				
At cost	**1 ,538,022**	1,265,138	**-**	-
Accumulated depreciation	**(1,506,139)**	(1,125,736)	**-**	-
Total	**31,883**	1 39,402	**-**	-

12. TRADE AND OTHER PAYABLES

(Amount in : AUD)

	Group		Parent	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Current assets				
Trade creditors	**2 ,111,976**	1,698,679	**-**	-
Other related party trade payables -owed to TCS Financial Solutions Australia (Holding) Pty Ltd	**-**	-	**3 ,505,828**	-
Accrued expenses	**6 ,589,944**	5,958,358	**-**	-
Related party accrued expenses	**-**	3 4,258	**-**	-
Unearned income	**1 0,770,617**	4,445,632	**-**	-
Related party payable- ultimate parent entity.	**-**	-	**-**	1,332,250
Total	**1 9,472,537**	1 2,136,927	**3 ,505,828**	1 ,332,250

All amounts are short term and carrying value are considered to be reasonable approximate of fair value.

13. TAXATION

(Amount in : AUD)

	Group		Parent	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Non-current				
Deferred tax asset	**6 ,193,535**	5,595,702	**-**	-
	6 ,193,535	5,595,702	**-**	-
Temporary differences:				
Intangible	**3 ,964,874**	4,280,713	**-**	-
Doubtful debts	**184,167**	1 83,715	**-**	-
Unearned Income	**2 ,059,237**	1,124,623	**-**	-
Other temperory differences	**(14,743)**	6 ,651	**-**	-
Total Deferred tax asset (net)	**6 ,193,535**	5,595,702	**-**	-

Notes forming part of the Financial Statements

14. ISSUED CAPITAL

(Amount in : AUD)

	Group		Parent	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
37,258,815 (2017: 37,258,815) fully paid ordinary shares	**37,258,815**	37,258,815	**37,258,815**	37,258,815
	37,258,815	37,258,815	**37,258,815**	37,258,815
a. Ordinary Shares				
At the beginning of reporting period	**3 7,258,815**	3 7,258,815	**3 7,258,815**	3 7,258,815
	3 7,258,815	3 7,258,815	**3 7,258,815**	3 7,258,815

At reporting date

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Capital Management

TCS FNS Pty Ltd's management manage capital in line with its objective to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Company as at March 31, 2018, as with March 31, 2017 had no external commercial short or long term borrowings and accordingly does not have any externally imposed capital requirements and as such no circumstances of non- compliance have occurred.

15. RESERVES

Foreign currency translation reserve
The foreign currency translation reserve records the exchange difference on translation of foreign controlled entities.
Balance in foreign currency translation reserve as on March 31, 2018 AUD 425,850 and in March 31, 2017 AUD (67,855).

16. CONTINGENT LIABILITIES

The Group had no contingent liabilities or assets as at the end of the financial year.

17. CASH FLOW INFORMATION

(Amount in : AUD)

	Group		Parent	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Cash flows from operating activities:				
Profit for the year	**2,136,440**	7,550,835	**5,402,865**	(83,927)
Adjustment to reconcile profit or loss to net cash provided by				
Depreciation and amortisation	**133,090**	1 02,487	**-**	-
Dividend	**-**	-	**(10,000,000)**	-
Movement in foreign currency translation reserve	**493,705**	(36,550)	**-**	-
Operating profit before working capital changes				
Net change in:				
(Increase)/decrease in trade and other receivables	**(1,497,962)**	(5,180,984)	**2,426,937**	83,927
(Increase)/decrease in other assets	**679,389**	(548,683)	**(2,934)**	-
Increase/(decrease) in trade and other payables	**7,391,134**	(756,246)	**2,173,578**	-
(Increase)/decrease in deferred tax assets	**(597,833)**	(17,666)	**-**	-
Increase/(decrease) in current tax liabilities	**283,413**	-	**-**	-
Cash generated from operations	**9,021,376**	1,113,193	**446**	-

Notes forming part of the Financial Statements

18. INVESTMENT IN SUBSIDIARY

(Amount in : AUD)

	As at March 31, 2018	As at March 31, 2017
Non -Current		
Investments in controlled entities at cost	**33,548,928**	33,548,928
	33,548,928	33,548,928

Subsidiary

The subsidiary included in the financial statements of TCS FNS Pty Limited are listed in the following table.

Name	Country of incorporation	% Equity Interest	
		2018	2017
TCS Financial Solutions Australia (Holding) Pty Ltd	Australia	100	100

At reporting date, TCS Financial Solutions Australia (Holdings) Pty Limited has 100% equity interest in TCS Financial Solutions Australia Pty Limited.

19. EVENTS AFTER BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

20. COMPANY DETAILS

The registered office and principal place of business of the Company is:

TCS FNS Pty Ltd

Level 6, 76 Berry Street

North Sydney NSW 2060

21. RISK MANAGEMENT

(a) Financial assets and liabilities

The fair values of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 approximate the carrying amounts because of the short-term nature of these instruments. Fair value of investment in unquoted equity instrument approximates the cost because of the wide range of possible fair value measurements and the cost represents the best estimates of fair value within the range.

(b) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was AUD 44.13 million and AUD 43.61million as of March 31, 2018 and March 31, 2017, respectively being the total of the carrying amount of cash and cash equivalents, trade receivable, unbilled revenue, and other financial assets. Cash and cash equivalents are held with banks with high credit ratings. As of March 31, 2018, there were no indications that any defaults will occur on trade receivable, unbilled revenues or other financial assets.

(c) 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 consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.

Notes forming part of the Financial Statements

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(Amount in : AUD)

March 31, 2018	Due in 1st year	Due in 2nd to 5th year	Total
Non derivative financial instruments			
Trade and other payables	**19,472,537**	**-**	**19,472,537**
Total	**19,472,537**	**-**	**19,472,537**
March 31, 2017	Due in 1st year	Due in 2nd to 5th year	Total
Non derivative financial instruments			
Trade and other payables	12,136,927	-	12,136,927
Total	12,136,927	-	12,136,927

(d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuation due to changes in foreign exchange rates. The company transection are principally in AUD ,US Dollars, CNY and BDT.

The management closely and continuously monitor the exchange rate fluctuation. Based on its experience and market feedback, the management does not believe it is necessary to hedge the effect of foreign exchange risks as most of the transections of foreign currency risk is relatively limited in the medium term.

22. RELATED PARTY TRANSACTIONS

Consolidated group principal related parties consist of its holding company Tata Consultancy services Ltd and subsidiaries, and its key managerial personnel. The company routinely enters into transactions with its related parties in the ordinary course of business.

Transactions with related parties
For the year ended March 31, 2018

(Amount in : AUD)

Particulars	**With Tata Sons Limited, Ultimate Holding Company**	**With Tata Consultancy Services Limited, holding company**	**With Tata Consultancy Services (Philippines) Inc, Fellow Company**	**WithTCS China Co. Ltd., Fellow Company**	**Tata Consultancy Services Asia Pacific Pte Ltd. Fellow comapany**	**Tata Consultancy Services Malaysia Sdn Bhd. Fellow company**	**PT Tata Consultancy Services Indonesia. Fellow Company**	**Total**
Revenue from sale of services and licenses	-	7,372,206	-	-	-	-	-	**7,372,206**
Purchases of goods and services (including reimbursement)	-	1,826,587	375,761	-	-	-	-	**2,202,348**
Brand equity contribution	7,111	-	-	-	-	-	-	**7,111**
Rent paid	-	13,764	-	75,763	-	-	-	**89,527**
Dividend Paid	-	10,000,000	-	-	-	-	-	**10,000,000**
Total	7,111	19,212,557	375,761	75,763	-	-	-	**19,671,192**

For the year ended March 31, 2017

Particulars	With Tata Sons Limited, Ultimate Holding Company	With Tata Consultancy Services Limited, holding company	With Tata Consultancy Services (Philippines) Inc, Fellow Company	WithTCS China Co. Ltd., Fellow Company	Tata Consultancy Services Asia Pacific Pte Ltd. Fellow comapany	Tata Consultancy Services Malaysia Sdn Bhd. Fellow company	PT Tata Consultancy Services Indonesia. Fellow Company	Total
Revenue from sale of services and licenses	-	5,809,429	-	-	42,553	2,764,634	689,368	9,305,985
Guarantees and collaterals given	-	175,811	-	-	-	-	-	175,811
Purchases of goods and services (including reimbursement)	-	2,145,626	361,949	-	-	-	-	2,507,575
Brand equity contribution	36,056	-	-	-	-	-	-	36,056
Total	36,056	8,130,866	361,949	-	42,553	2,764,634	689,368	12,025,427

Notes forming part of the Financial Statements

Balances with related parties
As at March 31, 2018

(Amount in : AUD)

Particulars	**With Tata Sons Limited, Ultimate Holding Company**	**With Tata Consultancy Services Limited, holding company**	**With Tata Consultancy Services (Philippines) Inc, Fellow Company**	**WithTCS China Co. Ltd., Fellow Company**	**Tata Consultancy Services Asia Pacific Pte Ltd. Fellow comapany**	**Tata Consultancy Services Malaysia Sdn Bhd. Fellow company**	**PT Tata Consultancy Services Indonesia. Fellow Company**	**Total**
Trade receivables	-	5,309,378	-	-	-	-	-	**5,309,378**
Trade payables, unearned and deferred revenue, Other financial liabilities and	-	1,560,020	96,863	75,763	-	-	-	**1,732,646**
Other liabilities	-		-	-	-	-	-	-
unearned and deferred revenue	-	(3,805,521)	-	-	-	-	-	**(3,805,521)**
Total	-	3,063,877	96,863	75,763	-	-	-	**3,236,503**

As at March 31, 2017

Particulars	With Tata Sons Limited, Ultimate Holding Company	With Tata Consultancy Services Limited, holding company	With Tata Consultancy Services (Philippines) Inc, Fellow Company	WithTCS China Co. Ltd., Fellow Company	Tata Consultancy Services Asia Pacific Pte Ltd. Fellow comapany	Tata Consultancy Services Malaysia Sdn Bhd. Fellow company	PT Tata Consultancy Services Indonesia. Fellow Company	Total
Trade receivables	-	3,738,772	-	-	-	-	-	3,738,772
Unearned and deferred revenue	-	3,749,939	-	-	-	-	-	3,749,939
Trade Payables, Income received in advance and Advances from Customers	36,056	1,001,813	60,797	-	-	-	-	1,098,666
Unbilled revenue	-	4,976,664					689,368	5,666,032
Total	36,056	13,467,188	60,797	-	-	-	689,368	14,253,410

Notes forming part of the Financial Statements

22. RELATED PARTY TRANSACTIONS

TCS FNS Pty Ltd principal related parties consist of its holding company Tata Consultancy services Ltd and subsidiaries, and its keymanagerial personnel. The company routinely enters into transactions with its related parties in the ordinary course of business.

As at March 31, 2018 (Amount in : AUD)

Particulars	**With Tata Consultancy Services Limited, holding company**	**With Financial Solutions Australia (Holdings) Pty Ltd**	**Total**
Dividend declared	-	(10,000,000)	**(10,000,000)**
Dividend Income	10,000,000	-	**10,000,000**
Trade payables	-	3,505,828	**3,505,828**
Total	**10,000,000**	**(6,494,172)**	**3,505,828**

As at March 31, 2017

Particulars	**With Tata Consultancy Services Limited, holding company**	**With Financial Solutions Australia (Holdings) Pty Ltd**	**Total**
Trade receivables	-	2,426,939	**2,426,939**
Trade payables	-	1,332,250	**1,332,250**
Total	**-**	**13,467,189**	**60,797**

TATA CONSULTANCY SERVICES BELGIUM

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended
March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

CONTENT	PAGE

LIST OF DIRECTORS, MANAGERS AND AUDITORS AND DECLARATION ABOUT SUPPLEMENTARY AUDITING OR ADJUSTMENT MISSION

LIST OF DIRECTORS, MANAGERS AND AUDITORS

Complete list with name, first name, profession, residence-address (address, number, postal code, municipality) and position with the enterprise

Karkaria Pauroosasp
Kastanjelaan 189, 1185 MV Amstelveen, Netherlands
Title : Delegated director
Mandate : 20/05/2016- 6/08/2019

Mukherjee Ajoyendra
Prince Anwar Shah Road 375, 700068 West Bengal, India
Title : Director
Mandate : 20/05/2016- 6/08/2019

Kapur Amit
House 1527, Sector 16 . Faridabad, Haryana, India
Title : Director
Mandate : 20/05/2016- 6/08/2019

Gaitonde Pradeep
C19 Happyhome 21st Martin Road . Bandra West, Mumbai, India
Title : Director
Mandate : 20/05/2016- 6/08/2019

Klynveld Peat Marwick Goerdeler - Bedrijfsrevisoren (KPMG) PLS 0419.122.548
Luchthaven Brussel Nationaal 1K, 1930 Zaventem, Belgium
Title : Auditor, Membership number : B00001
Mandate : 27/03/2017- 6/08/2019

Represented by:

1. **Snijkers Robert**
   Blue Tower - Schelde Sluisweg 2 , box 9, 9000 Gent, Belgium,
   Membership number : A01451

DECLARATION ABOUT SUPPLEMENTARY AUDITING OR ADJUSTMENT MISSION

The managing board declares that the assignment neither regarding auditing nor adjusting has been given to a person who was not authorised by law pursuant to art. 34 and 37 of the Law of 22nd April 1999 concerning the auditing and tax professions.

Have the annual accounts been audited or adjusted by an external accountant or auditor who is not an statutory auditor? ~~Yes~~ / No

If YES, mention here after: name, first names, profession, residence-address of each external accountant or auditor, the number of membership with the professional Institute ad hoc and the nature of this engagement:

A. Bookkeeping of the undertaking **,

B. Preparing the annual accounts **,

C. Auditing the annual accounts and/or

D. Adjusting the annual accounts.

If the assignment mentioned either under A or B is performed by authorised accountants or authorised accountants-tax consultants, information will be given on: name, first names, profession and residence-address of each authorised accountant or accountant-tax consultant, his number of membership with the Professional Institute of Accountants and Tax consultants and the nature of this engagement.

Name, first name, profession, residence-address	Number of membership	Nature of the engagement (A, B, C and/or D)

ANNUAL REPORT OF THE BOARD OF DIRECTORS

In accordance with the legal and statutory provisions of article 95 and 96 of the Companies code, it is our privilege to report to you on the operations of our company during the past financial year ending on 31 March 2018.

This report will be submitted to the ordinary shareholders meeting approving the accounts as on 31 March 2018.

1. Comments on the annual accounts

In accordance with article 92 of the Companies code, we have drafted the annual accounts. The valuation rules used for the annual accounts remain unchanged compared to previous financial year.

During the financial year Alti NV merged with the Company under the process of merger by acquisition with effect from 01 October 2017.

At the closing of this financial year, the balance sheet total amounts to 65.298.567,15 EUR and the profit of the financial year to 6.454.783,53 EUR compared to a balance sheet total of 60.137.987,10 EUR and a profit of 13.935.163,03 EUR for the previous financial year.

The current assets have globally increased from 60.099.859,12 EUR at the end of previous financial year to 65.222.992,16 EUR as on 31 March 2018. We note an increase in amounts receivable within one year from 35.576.703,86 EUR at the end of previous year to 53.424.986,57 EUR as on 31 March 2018 as well a decrease in the cash available from 18.236.162,60 EUR to 7.253.183,56 EUR as on 31 March 2018 due to distribution of dividend during 2017-18.

The net equity has decreased from 37.184.035,53 EUR on 31 March 2017 to 33.638.819,06 EUR on 31 March 2018. This decrease is mainly due to the distribution of a dividend amounting to 10.000.000 EUR and the merger between the Company and Alti NV.

This financial year, the amounts payable have increased from 22.951.339,83 EUR at the end of previous year to 31.286.198,12 EUR as on 31 March 2018 The increase of trade creditors and taxes is mainly due to the merger between TCS Beglium and Alti NV.

The operating income increased by 23,60% (181.502.290,17 EUR compared to 146.848.101,19 EUR in the previous financial year). This is due to increase in revenues from certain customers (B Post SA, Cargil NV, ING Belgium, Atlas Capco AB, Proximus PLC and Glaxo Smith Kline Biologicals).

The operating charges increased by 33,02 % (167.410.162,45 EUR compared to 125.853.402,07 EUR in the previous financial year) The increase is due to a write-off on the goodwill resulting from the merger with Alti NV.

The operating profit for this financial year decreased considerably : 14.092.127,72 EUR compared to 20.994.699,12 EUR previous financial year.

The financial result amounts to (-) 592.698,02 EUR compared to (-) 145.868,56 EUR in the previous financial year.

After deduction of the taxes of 7.044.646,17 EUR, the company has realized a profit of 6.454.783,53 EUR in comparison with a profit amounting to 13.935.163,03 EUR for the previous financial year.

We propose the following appropriation:

Profit for the period available for appropriation	EUR	6.454.783,53
Profit brought forward	EUR	36.962.876,97
Dividends (*)	EUR	10.000.000,00
Profit to be carried forward	EUR	33.417.660,50

(*) The dividend has been paid on 28 December 2017 for an amount of 10.000.000,00 EUR as decided by the general meeting.

2. Main risks and uncertainties

The board of directors considers that there are no specific risks or uncertainties, other than ordinary business risks.

3. Important events after the closing of the financial year that can considerably influence the results

There were no important events that could considerably influence the results as presented or the financial situation of the company as reflected in the annual accounts.

4. Circumstances that can significantly influence the development of the company

There are no circumstances that can significantly influence the development of the company.

5. **Research and development**

In the field of research and development, no activities have been carried out during the past financial year.

6. **Indications of the existence of a branch office of the company**

The company does not have any branch office.

7. **Communication concerning the use of financial instruments as long as it is important for the evaluation of the assets, liabilities, financial situation and losses or profits**

The company does not use any such financial instruments.

We hope that you will approve the annual accounts as on 31.03.2018 as they are presented to you and that you will discharge each director and the statutory auditor from any personal liability for acts committed by them in their official capacity.

Done on 03 May 2018, Sint-Stevens-Woluwe,

In the name and on behalf of the board of directors

Pauroos karkaria

Managing Director

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF TATA CONSULTANCY SERVICES BELGIUM S.A. NV ON THE ANNUAL ACCOUNTS AS OF AND FOR THE YEAR ENDED 31 MARCH 2018

FREE TRANSLATION OF UNQUALIFIED STATUTORY AUDITOR'S REPORT ORIGINALLY PREPARED IN THE DUTCH LANGUAGE

In the context of the statutory audit of the annual accounts of TATA CONSULTANCY SERVICES BELGIUM S.A. NV ("the Company"), we provide you with our statutory auditor's report. This includes our report on the audit of the annual accounts for the year ended 31 March 2018, as well as our report on other legal, regulatory and professional requirements. These reports are one and indivisible.

We were appointed as statutory auditor by the extra-ordinary general meeting of 27 March 2017, in accordance with the proposal of the board of directors. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 March 2019. We have performed the statutory audit of the annual accounts of TATA CONSULTANCY SERVICES BELGIUM S.A. NV for two consecutive financial years.

Report on the audit of the annual accounts

Unqualified opinion

We have audited the annual accounts of the Company as of and for the year ended 31 March 2018, prepared in accordance with the financial reporting framework applicable in Belgium. These annual accounts comprise the balance sheet as at 31 March 2018, the income statement for the year then ended and notes. The balance sheet total amounts to EUR 65.298.567,15 and the income statement shows a profit for the year of EUR 6.454.783,53.

In our opinion, the annual accounts give a true and fair view of the Company's equity and financial position as at 31 March 2018 and of its financial performance for the year then ended in accordance with the financial reporting framework applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the annual accounts" section of our report. We have complied with the ethical requirements that are relevant to our audit of the annual accounts in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

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

Board of directors' responsibilities for the preparation of the annual accounts

The board of directors is responsible for the preparation of these annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium, and for such internal control as the board of directors determines, 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 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.

Statutory auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance as to 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 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 the users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

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 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 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 control;

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;

Conclude on the appropriateness of 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 annual accounts 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 annual accounts, including the disclosures, and whether the annual accounts 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 the other legal, regulatory and professional requirements

Responsibilities of the Board of directors

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the annual accounts and of the documents required to be filed in accordance with the legal and regulatory requirements, for maintaining the Company's accounting records in compliance with the applicable legal and regulatory requirements, as well as for the Company's compliance with the Companies' Code and the Company's articles of association.

Statutory auditor's responsibilities

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the annual accounts, certain documents to be filed in accordance with legal and regulatory requirements as well as compliance with certain requirements of the Companies' Code and with the articles of association, and to report on these matters.

Aspects concerning the board of directors' annual report on the annual accounts

Based on specific work performed on the board of directors' annual report on the annual accounts, we are of the opinion that this report is consistent with the annual accounts for the same period and has been prepared in accordance with articles 95 and 96 of the Companies' Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the annual accounts contains material misstatements, that is information incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

We do not express any form of assurance on the board of directors' annual report on the annual accounts.

Information regarding the social balance sheet

The social balance sheet, which is to be filed with the National Bank of Belgium in accordance with article 100 §1, 6°12 of the Companies' Code, includes, with respect to form and content, the information required by law and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the annual accounts and our audit firm remained independent of the Company during the term of our mandate.
- There were no additional engagements which are compatible with the statutory audit of the annual accounts referred to in article 134 of the Companies' Code and for which fees were charged.

Other aspects

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.
- We do not have to inform you of any transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' Code.
- On December 22, 2017, an intermediary dividend of EUR 10 million, as approved by the special shareholders' meeting, was distributed.
- On March 30, 2018, the Company merged by absorption of Alti NV. All operations of Alti NV are exercised by the Company as from 1 October 2017 from an accounting and tax point of view.

Zaventem, 03 May 2018

KPMG Bedrijfsrevisoren I Reviseurs d'Entreprises

Statutory auditor represented by

Robert Snijkers

Reviseur d'Entreprises I Bedrijfsrevisor

Balance Sheet as at March 31, 2018 and 2017

(EUR)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS:			
FORMATION EXPENSES	6.1		
FIXED ASSETS		**75.574,99**	38.127,98
Intangible fixed assets	6.2	**67.572,63**	26.392,92
Tangible fixed assets	6.3	**4.302,36**	8.035,06
Land and buildings			
Plant, machinery and equipment			
Furniture and vehicles		**4.302,36**	8.035,06
Leasing and other rights			
Other tangible fixed assets			
Tangible assets under construction and advance payments made			
Financial fixed assets	6.4/ 6.5.1	**3.700,00**	3.700,00
Affiliated enterprises	6.15	**1.000,00**	1.000,00
Participating interests		**1.000,00**	1.000,00
Amounts receivable			
Other enterprises linked by participating interests	6.15		
Participating interests			
Amounts receivable			
Other financial assets		**2.700,00**	2.700,00
Shares			
Amounts receivable and cash guarantees		**2.700,00**	2.700,00
CURRENT ASSETS		**65.222.992,16**	60.099.859,12
Amounts receivable after more than one year			
Trade debtors			
Other amounts receivable			
Stocks and contracts in progress		**4.301.528,53**	5.745.453,56
Stocks			
Raw materials and consumables			
Work in progress			
Finished goods			
Goods purchased for resale			
Immovable property intended for sale			
Advance payments			
Contracts in progress		**4.301.528,53**	5.745.453,56
Amounts receivable within one year		**53.424.986,57**	35.576.703,86
Trade debtors		**51.573.858,97**	34.586.816,34
Other amounts receivable		**1.851.127,60**	989.887,52
Current investments	6.5 1/6.6	**0,26**	0,26
Own shares			
Other investments and deposits		**0,26**	0,26
Cash at bank and in hand		**7,253,183,56**	18.236.162,60
Deferred charges and accrued income	6.6	**243.293,24**	541.538,84
TOTAL ASSETS		**65.298.567,15**	60.137.987,10

Continued

(EUR)

	Note	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
EQUITY		**33.638.819,06**	37.184.035,53
Capital	6.7.1	**188.658,56**	188.658,56
Issued capital		**325.000,00**	325.000,00
Uncalled capital[4]		**(136.341,44)**	(136.341,44)
Share premium account			
Revaluation surpluses			
Reserves		**32.500,00**	32.500,00
Legal reserve		**32.500,00**	32.500,00
Reserves not available			
In respect of own shares held			
Others			
Untaxed reserves			
Available reserves			
Accumulated profits (losses) .(+)/(-)		**33.417.660,50**	36.962.876,97
Investment grants			
Advance to associates on the sharing out of the assets [5]			
PROVISIONS AND DEFERRED TAXES		**373.549,97**	2.611,74
Provisions for liabilities and charges		**373.549,97**	2.611,74
Pensions and similar obligations			
Taxation			
Major repairs and maintenance			
Environmental liabilities			
Other risks and costs	6.8	**373.549,97**	2.611,74
Deferred taxes			

Continued.

Continued

(EUR)

	Note	**As at March 31, 2018**	As at March 31, 2017
AMOUNTS PAYABLE		**31.286.198,12**	22.951.339,83
Amounts payable after more than one year	6.9		
Financial debts			
Subordinated loans			
Unsubordinated debentures			
Leasing and other similar obligations			
Credit institutions			
Other loans			
Trade debts			
Suppliers			
Bills of exchange payable			
Advances received on contracts in progress			
Other amounts payable			
Amounts payable within one year	6.9	**28.934.191,46**	22.715.285,56
Current portion of amounts payable after more than one year falling due within one year			
Financial debts			
Credit institutions			
Other loans			
Trade debts		**18.270.374,84**	15.297.911,75
Suppliers		**18.270.374,84**	15.297.911,75
Bills of exchange payable			
Advances received on contracts in progress		**2.104.481,00**	1.218.415,94
Taxes, remuneration and social security	6.9	**8.559.335,62**	6.198.957,87
Taxes		**4.964.307,59**	4.044.742,05
Remuneration and social security		**3.595.028,03**	2.154.215,82
Other amounts payable			
Accrued charges and deferred income		**2.352.006,66**	236.054,27
TOTAL LIABILITIES		**65.298.567,15**	**60.137.987,10**

Income Statement for the years ended March 31, 2018 and 2017

(EUR)

	Note	Year ended March 31, 2018	Year ended March 31, 2017
OPERATING INCOME AND CHARGES		**181.502.290,17**	146.848.101,19
Turnover	6.10	**181.427.083,42**	144.066.732,46
Increase (decrease) in stocks of finished goods, work and contracts in progress (+)/(-)		**(1.443.925,03)**	2.046.150,92
Own construction capitalised			
Other operating income		**1.519.131,78**	735.217,81
Non-recurring operating income			
OPERATING CHARGES		**167.410.162,45**	125.853.402,07
Raw materials, consumables		**108.243.172,30**	90.528.861,37
Purchases		**108.243.172,30**	90.528.861,37
Decrease (increase) in stocks (+)/(-)			
Services and other goods		**8.408.186,94**	6.509.258,31
Remuneration, social security costs and pensions (+)/(-)	6.10	**45.231.087,50**	28.809.412,63
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets		**5.613.096,45**	21.518,05
Increase, Decrease in amounts written off stocks contracts in progress and trade debtors: Appropriations (write-backs) (+)/(-)		**(179.371,69)**	(12.295,23)
Provisions for risks and charges - Appropriations (uses and write-backs) (+)/(-)	6.10	**16.639,89**	(3.353,06}
Other operating charges	6.10	**77.351,06**	
Operation charges carried to assets as restructuring costs. (+)/(-)			
Non-recurring operating charges	6.12		
OPERATING PROFIT (LOSS) .(+)/(-)		**14.092.127,72**	20.994.699,12

Continued

(EUR)

	Note	Year ended March 31, 2018	Year ended March 31, 2017
FINANCIAL INCOME		**444.921,03**	1.400.332,82
Recurring financial income		**444.921,03**	1.400.332,82
Income from financial fixed assets		**178,57**	
Income from current assets		**42.592,44**	416.980,06
Other financial income	6.11	**402.150,02**	983.352,76
Non-recurring financial income	6.12		
FINANCIAL CHARGES		**1.037.619,05**	1.546.201,38
Recurring financial charges		**1.037.619,05**	1.546.201,38
Debt charges		**3.695,32**	16.750,74
Amounts written down on current assets except stocks, contracts in progress and trade debtors. (+)/(-)			
Other financial charges		**1.033.923,73**	1.529.450,64
Non recurring financial charges	6.12		
PROFIT (LOSS) FOR THE PERIOD BEFORE TAXES (+)/(-)		**13.499.429,70**	20.848.830,56
Transfer from postponed taxes			
Transfer to postponed taxes			
INCOME TAXES (+)/(-)	6.13	**7.044.646,17**	6.913.667,53
Income taxes		**7.044.646,17**	6.948.382,84
Adjustment of income taxes and write-back of tax provisions			34.715,31
Profit (loss) for the period (+)/(-)		**6.454.783,53**	13.935.163,03
Transfer from untaxed reserves			
Transfer to untaxed reserves			
PROFIT (LOSS) FOR THE PERIOD AVAILABLE FOR APPROPRIATION (+)/(-)		**6.454.783,53**	13.935.163,03

Appropriation Account

(EUR)

	Note	As at March 31, 2018	Year ended March 31, 2017
Profit (loss) to be appropriated (+)/(-)		**43.417.660,50**	36.962.876,97
Gain (loss) to be appropriated (+)/(-)		**6.454.783,53**	13.935.163,03
Profit (loss) to be carried forward (+)/(-)		**36.962.876,97**	23.027.713,94
Transfers from capital and reserves			
from capital and share premium account			
from reserves			
Transfers to capital and reserves			
to capital and share premium account			
to the legal reserve			
to other reserves			
Profit (loss) to be carried forward (+)/(-)		**33.417.660,50**	36.962.876,97
Owner's contribution in respect of losses			
Profit to be distributed		**10.000.000,00**	
Dividends		**10.000.000,00**	
Director's or managers' entitlements			
Workers			
Other beneficiaries			

6.2.3 CONCESSIONS, PATENTS, LICENCES, KNOWHOW, BRANDS AND SIMILAR RIGHTS

(EUR)

	As at March 31, 2018	As at March 31, 2017
Acquisition value at the end of the period	**-**	65.296,42
Movements during the period		
Acquisitions, including produced fixed assets	**55.938,00**	
Sales and disposals		
Transfers from one heading to another(+)/(-)		
Acquisition value at the end of the period	**121.234,42**	
Depreciation and amounts written down at the end of the period	**-**	38.903,50
Movements during the period		
Recorded	**(14.758,29)**	
Written back		
Acquisitions from third parties		
Cancelled owing to sales and disposals		
Transfers from one heading to another (+)/(-)		
Depreciation and amounts written down at the end of the period	**(53.661,79)**	
NET BOOK VALUE AT THE END OF THE PERIOD	**67.572,63**	

6.2.4 GOODWILL

(EUR)

	As at March 31, 2018	As at March 31, 2017
Acquisition value at the end of the period	**-**	
Movements during the period		
Acquisitions, including produced fixed assets	**5.837.829,86**	
Sales and disposals	**(5.837.829,86)**	
Transfers from one heading to another (+)/(-)		
Acquisition value at the end of the period		
Depreciation and amounts written down at the end of the period	**-**	
Movements during the period		
Recorded	**5.587.829,86**	
Written back		
Acquisitions from third parties	**250.000,00**	
Cancelled owing to sales and disposals	**(5.837.829,86)**	
Transfers from one heading to another (+)/(-)		
Depreciation and amounts written down at the end of the period		
NET BOOK VALUE AT THE END OF THE PERIOD	**-**	

Notes forming part of the Financial Statements

6.3.3 FURNITURE AND VEHICLES

(EUR)

	As at March 31, 2018	As at March 31, 2017
Acquisition value at the end of the period	**-**	372.414,87
Movements during the period		
Acquisitions, including produced fixed assets	**481.375,52**	
Sales and disposals	**187.846,18**	
Transfers from one heading to another (+)/(-)		
Acquisition value at the end of the period	**665.944,21**	
Revaluation surpluses at the end of the period	**-**	
Movements during the period		
Recorded		
Acquisitions from third parties		
Cancelled		
Transfers from one heading to another (+)/(-)		
Revaluation surpluses at the end of the period		
Depreciation and amounts written down at the end of the period	**-**	364.379,81
Movements during the period		
Recorded	**10.508,30**	
Written back		
Acquisitions from third parties	**474.599,92**	
Cancelled owing to sales and disposals	**(187.846,18)**	
Transfers from one heading to another (+)/(-)		
Depreciation and amounts written down at the end of the period	**661.641,85**	
NET BOOK VALUE AT THE END OF THE PERIOD	**4.302,36**	

Notes forming part of the Financial Statements

6.4.1 STATEMENT OF FINANCIAL FIXED ASSETS

(EUR)

	As at March 31, 2018	As at March 31, 2017
Affiliated enterprises - participating interests and shares		
Acquisition value at the end of the period	**-**	1.000,00
Movements during the period		
Acquisitions, including produced fixed assets	**5.256.932,28**	-
Sales and disposals	**(5.256.932,28)**	-
Transfers from one heading to another (+)/(-)		
Acquisition value at the end of the period	**1.000,00**	-
Revaluation surpluses at the end of the period	**-**	
Movements during the period		
Recorded	**-**	(38.903,50)
Acquisitions from third parties		
Cancelled		
Transfers from one heading to another (+)/(-)		
Revaluation surpluses at the end of the period		
Amounts written down at the end of the period		
Movements during the period		
Recorded		
Written back		
Acquisitions from third parties	**229.932,28**	-
Cancelled owing to sales and disposals	**(229.932,28)**	-
Transfers from one heading to another (+)/(-)		
Amounts written down at the end of the period		
Uncalled amounts at the end of the period	**-**	
Movements during the period (+)/(-)		
Uncalled amounts at the end of the period		
NET BOOK VALUE AT THE END OF THE PERIOD	**1.000,00**	-
AFFILIATED ENTERPRISES - AMOUNTS RECEIVABLE		
NET BOOK VALUE AT THE END OF THE PERIOD	**-**	
Movements during the period		
Additions	**25.000,00**	-
Repayments		
Amounts written down		
Amounts written back		
Exchange differences (+)/(-)		
Other (+)/(-)	**(25.000,00)**	-
NET BOOK VALUE AT THE END OF THE PERIOD		
ACCUMULATED AMOUNTS WRITTEN OFF ON AMOUNTS RECEIVABLE AT THE END OF THE PERIOD		

Notes forming part of the Financial Statements

6.4.3 STATEMENT OF FINANCIAL FIXED ASSETS

(EUR)

	As at March 31, 2018	As at March 31, 2017
Other enterprises - participating interests and shares		
Affiliated enterprises - participating interests and shares		
Acquisition value at the end of the period		
Movements during the period		
Acquisitions, including produced fixed assets		
Sales and disposals		
Transfers from one heading to another (+)/(-)		
Acquisition value at the end of the period		
Revaluation surpluses at the end of the period	**-**	
Movements during the period		
Recorded		
Acquisitions from third parties		
Cancelled		
Transfers from one heading to another (+)/(-)		
Revaluation surpluses at the end of the period		
Amounts written down at the end of the period	**-**	
Movements during the period		
Recorded		
Written back		
Acquisitions from third parties		
Cancelled owing to sales and disposals		
Transfers from one heading to another (+)/(-)		
Amounts written down at the end of the period		
Uncalled amounts at the end of the period	**-**	
Movements during the period (+)/(-)		
Uncalled amounts at the end of the period		
NET BOOK VALUE AT THE END OF THE PERIOD		
AFFILIATED ENTERPRISES - AMOUNTS RECEIVABLE		
NET BOOK VALUE AT THE END OF THE PERIOD	**-**	2.700,00
Movements during the period		
Additions		
Repayments		
Amounts written down		
Amounts written back		
Exchange differences (+)/(-)		
Other (+)/(-)		
NET BOOK VALUE AT THE END OF THE PERIOD	**2.700,00**	-
ACCUMULATED AMOUNTS WRITTEN OFF ON AMOUNTS RECEIVABLE AT THE END OF THE PERIOD		

Notes forming part of the Financial Statements

6.5.1 INFORMATION RELATING TO THE SHARE IN THE CAPITAL

Share in the capital and other rights in other companies

NAME, full address of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Shares held by				Information from the most recent period for which annual accounts are available			
	Nature	directly		subsidiaries	Primary financial statement	Monetary unit	Capital and reserves	Net result
		Number	%	%			(+) of (-) (in units)	
Tata Consultancy Services Luxembourg SA PLC Rue Pafebruch 89D 8308 Capellen Luxembourg	Ordinary shares	1	0,01	0,00				

6.6 OTHER INVESTMENTS AND DEPOSIT, DEFFERED CHARGES AND ACCRUED INCOME (ASSETS)

(EUR)

	As at March 31, 2018	As at March 31, 2017
INVESTMENTS: OTHER INVESTMENTS AND DEPOSITS		
Shares and current investments other than fixed income investments ..		
Shares - Book value increased with the uncalled amount		
Shares - Uncalled amount		
Precious metals and works of art		
Fixed income securities		
Fixed income securities issued by credit institutions		
Fixed term accounts with credit institutions	**0,26**	0,26
With residual term or notice of withdrawal		
up to one month	**0,26**	0,26
between one month and one year		
over one year		
Other investments not mentioned above		

	As at March 31, 2018
DEFFERED CHARGES AND ACCRUED INCOME	
Allocation of heading 490/1 of assets if the amount is significant.	
Deferred charges	**243.293,24**

Notes forming part of the Financial Statements

6.7.1 STATEMENT OF CAPITAL AND SHAREHOLDING STRUCTURE

(EUR)

	As at March 31, 2018	As at March 31, 2017
STATEMENT OF CAPITAL		
Social capita		
Issued capital at the end of the period	-	325.000,00
Issued capital at the end of the period	325.000,00	

	Amounts	Number of shares
Changes during the period		
Structure of the capita		
Different categories of shares		
Without face value	325.000,00	1,300
Registered sharesa	-	1,300
Shares dematerialized	-	

	Uncalled capita	Capital called, but not paid
Capital not paid		
Uncalled capital	136.341,44	-
Capital called, but not paid	-	
Shareholders having yet to pay up in full		
Tata Consultancy Services Ltd		
Shares dematerialized	-	

(No.)

	As at March 31, 2018
OWN SHARES	-
Commitments to issue shares	-
Authorized capital, not issued	-
Shared issued, not representing capital	-

6.7.2 STRUCTURE OF SHAREHOLDINGS OF THE ENTERPRISE AT YEAR-END CLOSING DATE

As shown by the notifications received by the company in accordance with the Companies Code, Article 631 §2, final paragraph, and Article 632 §2, final paragraph; the act of 2 May 2007 on the disclosure of major holdings, Article 14, paragraph four; and the Royal Decree of 21 August 2008 comprising further rules on certain multilateral trading facilities, Article 5.

TATA CONSULTANCY SERVICES LTD.	1.300 shares

6.8 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

(EUR)

	As at March 31, 2018
ANALYSIS OF THE HEADING 164/5 OF LIABILITIES IF THE AMOUNT IS SIGNIFICANT	
Provision for losses on projects	**19.251,63**
Provision on disputes	**354.298,34**

6.9 STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME

	As at March 31, 2018
BREAKDOWN OF AMOUNTS PAYABLE WITH AN ORIGINAL PERIOD TO MATURITY OF MORE THAN ONE YEAR, ACCORDING TO THEIR RESIDUAL TERM	
Current portion of amounts payable after more than one year falling due within one year	**-**
Total amounts payable after more than one year, not more than one year	**-**
Amounts payable after more than one year, between one and five years	**-**
Total amounts payable after more than one year, between one and five years	**-**
Amounts payable after more than one year, over five years	**-**
Total amounts payable after more than one year, over five years .	**-**
AMOUNTS PAYABLE GUARANTEED (headings 17 and 42/48 of liabilities)	
Amounts payable guaranteed by Belgian public authorities	**-**
Total amounts payable guaranteed by Belgian public authorities	**-**
Amounts payable guaranteed by real guarantees given or irrevocably promised by the enterprise on its own assets	**-**
Total amounts payable guaranteed by real guarantees given or irrevocably promised by the enterprise on its own assets	**-**

AMOUNTS PAYABLE FOR TAXES, REMUNERATION AND SOCIAL SECURITY

(EUR)

	As at March 31, 2018
Taxes (headings 450/3 and 178/9 of the liabilities)	
Expired taxes payable	
Non expired taxes payable	**4.960.677,59**
Estimated taxes payable	**3.630,00**
Remuneration and social security (headings 454/9 and 178/9 of the liabilities)	
Amount due to the National Office of Social Security	
Other amounts payable relating to remuneration and social security	**3.595.028,03**

Notes forming part of the Financial Statements

ACCRUED CHARGES AND DEFERRED INCOME

(EUR)

	As at March 31, 2018
Allocation of heading 492/3 of liabilities if the amount is significant	
Accrued charges	**2.352.006,66**

6.10 OPERATING RESULTS

(EUR)

	Year ended March 31, 2018	Year ended March 31, 2017
OPERATING INCOME		
Net turnover		
Broken down by categories of activity		
Allocation into geographical markets		
Other operating income		
Operating subsidies and compensatory amounts received from public authorities		
OPERATING COSTS		
Employees for whom the company has submitted a DIMONA declaration or are recorded in the general personnel register		
Total number at the closing date (In no.)	**96**	47
Average number of employees calculated in full-time equivalents (In no.)	**99,3**	45,4
Number of actual worked hours (In Hrs.)	**165.901**	80.322
Personnel costs		
Remuneration and direct social benefits	**38.674.351,31**	24.585.430,10
Employers' social security contributions	**1.937.797,71**	1.208.599,44
Employers' premiums for extra statutory insurances	**293.087,77**	132.114,91
Other personnel costs	**4.325.850,71**	2.883.268,18
Old-age and widows' pensions		
Provisions for pensions		
Additions (uses and write-back)(+)(-)		
Amounts written off		
Stocks and contracts in progress		
Recorded		
Written back		
Trade debtors		
Recorded	**277,87**	178.109,72
Written back	**179.649,56**	190.404,95
Provisions for risks and charges		
Additions	**19.060,13**	2.611,74
Uses and write-back	**2.420,24**	5.964,80
Other operating charges		
Taxes related to operation	**75.920,46**	
Other charges	**1.430,60**	
Hired temporary staff and persons placed at the enterprise's disposal		
Total number at the closing date		
Average number calculated as full-time equivalents		
Number of actual worked hours		
Charges to the enterprise		

Notes forming part of the Financial Statements

6.11 FINANCIAL RESULTS

(EUR)

	Year ended March 31, 2018	Year ended March 31, 2017
RECURRING FINANCIAL INCOME		
Other financial income		
Subsidies granted by public authorities and recorded as income for the period		
Capital subsidies		
Interest subsidies		
Allocation of other financial income		
Exchange differences	**402.150,02**	983.352,76
RECURRING FINANCIAL CHARGES		
Depreciation of loan issue expenses		
Capitalized Interests		
Amounts written off current assets		
Recorded		
Written back		
Other financial charges		
Amount of the discount borne by the enterprise, as a result of negotiating amounts receivable		
Provisions of a financial nature		
Appropriations		
Uses and write-backs		
Allocation of other financial charges		
Bank charges	**7.278,40**	3.981,55
Exchange differences	**1.026.645,33**	1.525.469,09

6.13 INCOME TAXES AND OTHER TAXES

(EUR)

	Year ended March 31, 2018
INCOME TAXES	
Income taxes on the result of the period	**6.653.630,00**
Income taxes paid and withholding taxes due or paid	**7.400.000,00**
Excess of income tax prepayments and withholding taxes paid recorded under assets	**(750.000,00)**
Estimated additional taxes	**3.630,00**
Income taxes on the result of prior periods	**391.016,17**
Additional income taxes due or paid	**391.016,17**
Additional income taxes estimated or provided for	
In so far as taxes of the period are materially affected by differences between the profit before taxes as stated in annual accounts and the estimated taxable profit	
Disallowed expenses such as goodwill merger	**5.600.000,00**
Deduction for risk capital	**(82.198,79)**
Impact of non recurring results on the amount of the income taxes relating to the current period	
Status of deferred taxes	
Deferred taxes representing assets	
Accumulated tax losses deductible from future taxable profits	
Passieve latenties	
Allocation of deferred taxes representing liabilities	

Notes forming part of the Financial Statements

(EUR)

	Year ended March 31, 2018	Year ended March 31, 2017
VALUE ADDED TAXES AND OTHER TAXES BORNE BY THIRD PARTIES		
Value added taxes charged		
To the enterprise (deductible)	**27.117.004,18**	22.500.771,66
By the enterprise	**62.905.237,94**	50.654.954,84
Amounts withheld on behalf of third party		
For payroll withholding taxes	**14.576.022,31**	9.091.174,92
For withholding taxes on investment income		

6.14 RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

(EUR)

	Year ended March 31, 2018
PERSONAL GUARANTEES PROVIDED OR IRREVOCABLY PROMISED BY THE ENTERPRISE AS SECURITY FOR DEBTS AND COMMITMENTS OF THIRD PARTIES	
Of which	
Bills of exchange in circulation endorsed by the enterprise	
Bills of exchange in circulation drawn or guaranteed by the enterprise	
Maximum amount for which other debts or commitments of third parties are guaranteed by the enterprise	
REAL GUARANTEES	
Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of the enterprise	
Mortgages	
Book value of the immovable properties mortgaged	
Amount of registration	
Pledging of goodwill - Amount of the registration	**400.000,00**
Pledging of other assets - Book value of other assets pledged	
Guarantees provided on future assets - Amount of assets involved	
Real guarantees provided or irrevocably promised by the enterprise on its own assets as security of debts and commitments of third parties	
Mortgages	
Book value of the immovable properties mortgaged	
Amount of registration	
Pledging of goodwill - Amount of the registration	
Pledging of other assets - Book value of other assets pledged	
Guarantees provided on future assets - Amount of assets involved	
GOODS AND VALUES, NOT DISCLOSED IN THE BALANCE SHEET, HELD BY THIRD PARTIES IN THEIR OWN NAME BUT AT RISK TO AND FOR THE BENEFIT OF THE ENTERPRISE	**-**
SUBSTANTIAL COMMITMENTS TO ACQUIRE FIXED ASSETS	**-**
SUBSTANTIAL COMMITMENTS TO DISPOSE OF FIXED ASSETS	**-**
FORWARD TRANSACTIONS	**-**

Notes forming part of the Financial Statements

(EUR)

	Year ended March 31, 2018
COMMITMENTS RELATING TO TECHNICAL GUARANTEES IN RESPECT OF SALES OR SERVICES	
AMOUNT, NATURE AND FORM CONCERNING LITIGATION AND OTHER IMPORTANT COMMITMENTS	
Rental guarantee in favour of Alma Court Invest NV	**54.150,00**
OTHER RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET (including those which can not be quantified)	
Rental agreement office space ending December 31st, 2023:	**1.405.897,77**

6.15 RELATIONSHIPS WITH AFFILIATED ENTERPRISES, ASSOCIATED ENTERPRISES AND OTHERS ENTERPRISES LINKED BY PARTICIPATING INTERESTS

(EUR)

	2018	2017
AFFILIATED ENTERPRISES		
Financial fixed assets	**1.000,00**	1.000,00
Participating interests	**1.000,00**	1.000,00
Subordinated amounts receivable		
Other amounts receivable		
Amounts receivable	**7.261.215,85**	3.972.954,79
Over one year		
Within one year	**7.261.215,85**	3.972.954,79
Current investments		
Shares		
Amounts receivable		
Amounts payable	**15.981.990,67**	11.162.784,70
Over one year		
Within one year	**15.981.990,67**	11.162.784,70
Personal and real guarantees		
Provided or irrevocably promised by the enterprise as security for debts or commitments of affiliated enterprises		
Provided or irrevocably promised by affiliated enterprises as security for debts or commitments of the enterprise		
Other significant financial commitments		
Financial results		
Income from financial fixed assets		
Income from current assets		
Other financial income		
Debt charges		
Other financial charges		
Disposal of fixed assets		
Capital gains obtained		
Capital losses suffered		

Notes forming part of the Financial Statements

(EUR)

	Year ended March 31, 2018	Year ended March 31, 2017
ASSOCIATED ENTERPRISES	**-**	-

(EUR)

	Year ended March 31, 2018
TRANSACTIONS WITH ENTERPRISES LINKED BY PARTICIPATING INTERESTS OUT OF MARKET CONDITIONS	**-**

6.16 FINANCIAL RELATIONSHIPS WITH

(EUR)

	Year ended March 31, 2018
DIRECTORS, MANAGERS, INDIVIDUALS OR BODIES CORPORATE WHO CONTROL THE ENTERPRISE WITHOUT BEING ASSOCIATED THEREWITH OR OTHER ENTERPRISES CONTROLLED BY THESE PERSONS	**-**

(EUR)

	Year ended March 31, 2018
AUDITORS OR PEOPLE THEY ARE LINKED TO	
Auditor's fees	**10.650,00**
Fees for exceptional services or special missions executed in the company by the auditor	
Other attestation missions	
Tax consultancy	
Other missions external to the audit	
Fees for exceptional services or special missions executed in the company by people they are linked to	
Other attestation missions	
Tax consultancy	
Other missions external to the audit	

Mentions related to article 133, paragraph 6 from the Companies Code

The audit committee, decides in accordance with article 133 § 6, 1° of the Companies Code, to depart from the limitations imposed on the auditor and on persons with whom he has concluded an employment contract or with whom he is aligned vis-à-vis a professional relationship or the companies or persons aligned to the auditor as stipulated in article 11 of the Companies Code, regarding the remuneration allowed for non-audit services.

Notes forming part of the Financial Statements

6.18.1 INFORMATION RELATING TO CONSOLIDATED ACCOUNTS

INFORMATION TO DISCLOSE BY EACH ENTERPRISE THAT IS SUBJECT TO COMPANY LAW ON THE CONSOLIDATED ACCOUNTS OF ENTERPRISES

The enterprise has drawn up published a consolidated annual statement of accounts and a management report*

The enterprise has not published a consolidated annual statement of accounts and a management report, since it is exempt for this obligation for the following reason*

The enterprise and its subsidiaries on consolidated basis exceed not more than one of limits mentioned in art. 16 of Company Law*

The enterprise only has subsidiaries which, considering the assessment of the consolidated assets, consolidated financial position or consolidated results, individual or together, are of a negligible size* (Art. 110 of Company Law)

The enterprise itself is a subsidiary of an enterprise which does prepare and publish consolidated accounts in which annual accounts of the enterprise are included*

INFORMATION TO DISCLOSE BY THE REPORTING ENTERPRISE BEING A SUBSIDIARY OR A JOINT SUBSIDIARY

Name, full address of the registered office and, for an enterprise governed by Belgian Law, the company number of the parent company(ies) and the specification whether the parent company(ies) prepare(s) and publish(es) consolidated annual accounts in which the annual accounts of the enterprise are included**

Tata Consultancy Services Ltd

9th Floor Nirmal Building, Nariman Point

400 021 MUMBAI, India

The enterprise draws up consolidated annual accounts data for the major part of the enterprise

If the parent company(ies) is (are) (an) enterprise(s) governed by foreign law disclose where the consolidated accounts can be obtained**

Tata Consultancy Serivces Ltd

9th Floor Nirmal Building, Nariman Point

400 021 MUMBAI, India

* Delete where no appropriate.

** Where the accounts of the enterprise are consolidated at different levels, the information should be given for the consolidated aggregate at the highest level on the one hand and the lowest level on the other hand of which the enterprise is a subsidiary and for which consolidated accounts are prepared and published.

6.19 VALUATION RULES

1. Principle

The valuation rules are determined according to the provisions of chapter II of the Royal Decree of 30 January 2001 in implementation of Company Law.

In respect of the requirement of a true and fair view the valuation rules of this Decree shall be deviated from in the following exceptional cases:

Reasons for the deviation:

The effects of the deviation on assets and liabilities, financial position and the result before taxation of the enterprise are as follows:

The valuation rules are change related to: ~~(changed)~~ (not changed) in wording and application as compared to the preceding financial period; if so, change related to

and has a (positive) (negative) effect on the result for the financial period before taxation to the amount of - EUR.

The income statement ~~(is)~~ (is not) significantly effected by income or charges relating to a previous financial period; if so, the material effect results from:

Notes forming part of the Financial Statements

The figures of the financial period are not comparable with those of the preceding financial period for the following reason:

(In order to maintain comparability the figures of the preceding financial period are adjusted regarding to following reasons) (To compare the annual accounts of both financial periods involved following information should be taken into account):

In absence of objective standards of appraisal following valuation of foreseeable liabilities, contingent losses and diminuations in value is inevitably uncertain:

Other information necessary to give a true and fair view of the enterprise's liabilities, financial position and result:

1) Revenue recognition

The company earns revenue primarily from providing information technology and consulting services, including services under contracts for software development, implementation and other related services, licensing and sale of its own software and business process services.

The company recognises revenue as follows:

Revenue from contracts priced on a time and material basis is recognised as services are rendered and as related costs are incurred. Revenue from Business Process Services contracts priced on the basis of time and material or unit of delivery is recognised as services are rendered or the related obligation is performed.

Revenue from maintenance contracts is recognised on a pro rata basis over the period of the contract.

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

2) Presentation of costs related to seconded employees from TCSL

Account Code 62 includes remuneration, social security costs and pensions incurred towards local Belgian employees (99,3 FTE in 2018 and 45.4 FTE in 2017). Costs incurred towards the seconded employees of TCS Limited (TCSL), (2018: 44.254.323,00 EUR; 2017: 29.685.033,00 EUR) the parent company of TCS Belgium have also been accounted under this classification. The employees of TCSL (733 FTE in 2018 and 498 FTE in 2017) are not employees of TCS Belgium as they remain bound by the employment contract with TCSL and seconded to TCS Belgium. Account Code 62 reflects the aggregate of all such costs, including the cost of the seconded employees as management believes that this better reflects the substance of the arrangement for the deputation of the personnel and consequently provides a true and fair view contrary to the normal classification in the 61 account.

3) The Company merged by acquisition with Alti NV with effective date October 1st, 2017

4) The Board of directors decided on December 22nd 2017 to distribute an interim dividend of 10.000.000 EUR

2. Fixed assets

Formation expenses:

Formation expenses are charged against income except for following costs capitalised:

Reorganization costs:

The reorganization costs are ~~(capitalised)~~ (not capitalised) during the financial period; if so, this is justified as follows:

Intangible fixed assets:

The amount of intangible assets includes - EUR research and development costs. Depreciation of these costs and the depreciations for goodwill are charged over a period of (more than) (not more than) 5 years; if more than 5 years the period involved is justified as follows :

Notes forming part of the Financial Statements

Tangible fixed assets:

During the financial period the tangible assets ~~(are)~~ (are not) revalued; if so, the revaluation if justified are as follows:

Depreciation recorded during the financial period:

			Depreciation rate	
	Method S (straightline)	Basis NR (non-revalued)	Principal costs Min. - Max	Ancillary costs Min. - Max.
1. Formation expenses				
2. Intangible fixed assets				
Software	S	NR	20,00 - 20,00	20,00 - 20,00
3. Buildings*				
4. Plant, machinery and equipments*				
5. Vehicles*				
Company cars	S	NR	25,00 - 25,00	25,00 - 25,00
6. Office furniture *				
Office equipment	S	NR	10,00 - 20,00	10,00 - 20,00
7. Other tangible fixed assets				
Fitting-out expenses rented prop	S	NR	10,00 - 21,05	10,00 - 21,05

* Including leased assets which should be disclosed on a separate line.

Tax deductible accelerated depreciation in excess of depreciation based on economic circumstances:

- amount for the financial period: EUR.

- cumulative amount regarding tangible assets acquired as of the financial period beginning after December 31, 1983: EUR.

Financial fixed assets:

During the financial period investments ~~(are)~~ (are not) revalued; if so, the revaluation is justified as follows:

3. Current assets

Inventories:

Inventories are valued at **acquisition cost** determined according to the method (to be disclosed) of the weighted average price method, Fifo, Lifo, by identifying individually the price of each element or by the **lower market value**

1. Raw materials and consumables:
2. Work in progress - finished goods:
3. Goods purchased for resale:
4. Immovable property intended for sale:

Products:

- Production costs (include) (do not include) costs that are only indirectly attributable to the product.
- Production costs of stock and work in progress the production of which exceeds more than one year (includes) (does not include) on capital borrowed to finance the production.

Stocks total valued at market value amount to % of its book value at the end of the financial period.

(This information is only required in the event of a substantial difference).

Notes forming part of the Financial Statements

Contracts in progress:

Contracts in progress are valued ~~(at production cost)~~

(at production cost increased by a portion of the profit according to the state of completion of the contract)

4. Liabilities

Debts:

Liabilities (include) (do not include) long-term debts, bearing no interests or at an unusual low interest; if so, a discount (has) (has not) been recognised and capitalised.

Foreign currencies:

Debts, liabilities and commitments denominated in foreign currencies are translated in EUR using following criteria: Exchange rate as per closing date

Exchange differences have been disclosed in the annual accounts as follows: All exchange differences are taken into P&L

Leasing agreements:

Concerning the rights to use property not capitalised (art. 102, § 1 of the Royal Decree of 30 January 2001 in implementation of Company Law), amount to: consideration and rental relating to the financial period if the leased immovable property, EUR.

6.20 OTHER INFORMATIONS TO DISCLOSE

VOL 6.10: the Company merged by acquisition with the company Alti NVwith effect from October 1st, 2017.

SOCIAL BALANCE SHEET

STATEMENT OF THE PERSONS EMPLOYED EMPLOYEES FOR WHOM THE ENTERPRISE SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL PERSONNEL REGISTER

During the current period	Total	1. Men	2 Women
Average number of employees			
Full-time	96,3	85,5	10,8
Part-time	3,8	2,0	1,8
Total in full-time equivalents	99,3	87,1	12,2
Number of hours actually worked			
Full-time	160.920	144.045	16.875
Part-time	4.981	2.561	2.420
Total	165.901	146.606	19.295
Personnel costs			
Full-time	43.873.072,50	44.440.964,21	39.558.155,04
Part-time	1.358.015,00	790.123,29	5.672.932,46
Total	45.231.087,50	45.231.087,50	45.231.087,50
Advantages in addition to wages	33.584,0	23.777,00	9.807,00

During the preceding period	P. Total	1P. Men	2P Women
Average number of employees in FTE	45,4	37,7	7,7
Number of hours actually worked	80.322	67.776	12.546
Personnel costs	5.819.301,00	4.979.107,00	840.194,00
Advantages in addition to wages	32.025,00	22.987,00	9.038,00

At the closing date of the period	Total	1. Men	2 Women
Number of employees	92	4	95,2
By nature of the employment contract			
Contract for an indefinite period	91	4	94,2
Contract for a definite period	1		1,0
Contract for the execution of a specifically assigned work			
.Replacement contract			
According to gender and study level			
Men	81	2	82,6
primary education	31		31,0
secondary education	8	1	8,8
higher non-university education	32	1	32,8
university education	10		10,0
Women	11	2	12,6
primary education	3	1	3,8
secondary education	1		1,0
higher non-university education	4		4,0
university education	3	1	3,8
By professional category			
Management staff			
Employees	92	4	95,2
Workers			
Others			

HIRED TEMPORARY STAFF AND PERSONNEL PLACED AT THE ENTERPRISE'S DISPOSAL

During the period	1. Hired temporary staff	2. Persons placed at the enterprise's disposal
Average number of persons employed		
Number of hours actually worked		
Costs for the enterprise		

LIST OF PERSONNEL MOVEMENTS DURING THE PERIOD ENTRIES

	1. Full-time	2. Part-time	3. Total full-time equivalents
Number of employees for whom the entreprise submitted a DIMONA declaration or who have been recorded in the general personnel register during the financial year	13		13,0
By nature of employment contract			
Contract for an indefinite period	11		11,0
Contract for a definite period	2		2,0
Contract for the execution of a specifically assigned work			
Replacement contract			

DEPARTURES

	1. Full-time	2. Part-time	3. Total full-time equivalents
Number of employees whose contract-termination date has been entered in DIMONA declaration or in the general personnel register during the financial year	20		20,0
By nature of employment contract			
Contract for an indefinite period	19		19,0
Contract for a definite period	1		1,0
Contract for the execution of a specifically assigned work			
Replacement contract			
By reason of termination of contract			
Retirement			
Unemployment with extra allowance from enterprise			
Dismissal	2		2,0
Other reason	18		18,0
Of which the number of persons who continue to render services to the enterprise at least half-time on a self-employed basis			

INFORMATION ON TRAINING PROVIDED TO EMPLOYEES DURING THE PERIOD

	Men	Women
Total of initiatives of formal professional training at the expense of the employer		
Number of employees involved	**1**	
Number of actual training hours	**836**	
Net costs for the enterprise	**7.728,00**	
of which gross costs directly linked to training	**3.163,00**	
of which fees paid and paiments to collective funds	**4.565,00**	
of which grants and other financial advantages received (to deduct)..		
Total of initiatives of less formal or informal professional training at the expense of the employer		
Number of employees involved		
Number of actual training hours		
Net costs for the enterprise		
Total of initiatives of initial professional training at the expense of the employer		
Number of employees involved		
Number of actual training hours		
Net costs for the enterprise		

Tata Consultancy Services Deutschland GmbH
Frankfurt am Main, Germany

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended
March 31, 2018

Translation - Audit Report

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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List of appendices

1. AUDIT ENGAGEMENT

At the shareholders meeting held on September 4, 2017, of

Tata Consultancy Services Deutschland Gesellschaft mit beschränkter Haftung, Frankfurt am Main,

– hereinafter also referred to as 'TCSD' or 'Company' –

we were appointed as auditors of the financial statements for the financial year from April 1, 2017, to March 31, 2018. Accordingly, management has engaged us to audit the financial statements for the year ended March 31, 2018, together with the accounting records, and the management report.

This audit report has been prepared in accordance with the principles of Audit Standard 450 promulgated by the German Institute of Public Auditors [IDW].

We confirm that we have conducted our audit in compliance with the applicable independence regulations in accordance with Section 321 (4a) of the German Commercial Code [HGB].

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 January 1, 2017, which are attached to this report as Appendix 2. Our liability is governed by Clause 9 of the General Engagement Terms. Our liability towards third parties is defined under Clauses 1 (2) and 9 of the General Engagement Terms.

2. BASIC FINDINGS

2.1) Evaluation of management's assessment of the Company's position

In our opinion, the following key statements in the management report are noteworthy:

- Revenue for the year under review increased by KEUR 82,882 to KEUR 390,208 compared to the 2016/2017 financial year due to successful sales efforts. Growth in revenue was largely driven by higher sales amongst existing customers and the acquisition of new customers.
- The expectations from the prior-year regarding revenue and net income for the year were thus once again exceeded. In the prior year a moderate increase in revenue and a net income in the region of that attained in the prior year were forecast. In fact a well above average revenue increase of KEUR 82,882 was achieved, which corresponds to a year-on- year increase of 27%.
- The net income for the year of KEUR 17,237 was significantly better than had been expected. This is largely due to the fact that above-average levels of revenue were achieved in the new business areas of TCS Cloud, digital transformation, SAP services, Life Sciences and BFS above the forecast level. Total operating performance, comprising revenue and change in inventories, increased compared to the 2016/2017 financial year from KEUR 329,692 to KEUR 426,669 in the 2017/2018 financial year. It was possible to achieve an improvement in the gross profit margin from 41.1% in the prior year to 42.7% in the current financial year as an increased proportion of revenue was generated using the Company's own employees.
- Assets increased compared to March 31, 2017, from KEUR 125,151 to KEUR 191,543, primarily due to the increase in work in process and trade receivables. This development reflects the increased business volume.
- Equity increased compared to March 31, 2017, by KEUR 17,237 to KEUR 33,117. The equity ratio equaled 17.3% (PY: 12.7%). The improvement in the equity ratio results from the net income for the year.
- Liabilities to affiliated companies increased compared to March 31, 2017 by KEUR 8,742 to KEUR 47,995, which is largely due to the increase in services purchased from the parent company.
- In order to achieve levels of growth above the sector average in the 2018/2019 financial year and in subsequent years, management plans to aggressively market its services to new customers and open up new business areas with existing customers. Investments were made in Germany in the reporting year to launch TCS Enterprise Cloud and digital services. Both areas hold significant opportunities for the Company to create new service sectors.
- For the 2018/2019 financial year management expects the growth dynamic to continue with respect to revenue and net income and in each case slight year-on-year growth is expected.
- Management has not identified any risks that cast significant doubt on the Company's ability to continue as a going concern.

- Foreign exchange risk stem in particular from the conclusion of transactions in US dollar and other foreign currencies. A weakening of the dollar or other foreign currencies against the euro could consequently lead to foreign exchange losses. As of the reporting date receivables and bank balances denominated in US dollar amounted to KEUR 6,636. These contrast with USD liabilities of KEUR 687.
- Default and liquidity risks are limited by the selection of customers and by close cooperation on payment transactions between sales and administration for the purposes of effective debt collection.

As a result of our audit, we found that the management report presents fairly, as a whole, the position of the Company and accurately presents the opportunities and risks of future development.

2.2) Violations of other regulations

Supervisory Board according to the German One-Third Participation Act [Drittelbeteiligungsgesetz]

The Company employed more than 500 employees in the year under review. A Supervisory Board is yet to be established as required by Section 1 (1) (3) of the German One-Third Participation Act.

3. PERFORMANCE OF THE AUDIT

3.1 Scope of the audit

We have audited the financial statements of Tata Consultancy Services Deutschland GmbH, comprising the balance sheet, the income statement and the notes to the financial statements including the accounting records, and the management report for the financial year ended March 31, 2018. The management of the Company is responsible for

- the maintenance of the books and records,
- the preparation of the financial statements and the management report in accordance with the regulations of German commercial law, and also for
- the explanations and evidence provided to us.

Our responsibility is to express an opinion on these financial statements and the management report based on our audit.

An audit of financial statements only covers compliance with other legal regulations to the extent that these other legal regulations can be expected to have an impact on the financial statements or the management report.

Pursuant to Section 317 (4a) HGB, an audit is not intended to extend to whether the Company's ability to continue as a going concern or the effectiveness and efficiency of management can be assured.

3.2 Nature and scope of audit procedures

We conducted our audit of the financial statements in accordance with Section 317 of the German Commercial Code [HGB] and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. The objective of our risk-oriented audit approach is to ensure that the statements made in the financial statements and management report of Tata Consultancy Services Deutschland GmbH provide a reliable basis for decisions taken by users of these financial statements.

The main features underlying our audit approach are as follows:

PHASE I: DEVELOPMENT OF AN AUDIT STRATEGY FOCUSED ON BUSINESS RISKS

Obtaining an understanding of the Company's business as well as knowledge of the accounting systems and the internal control system

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Establishing audit focus areas based on our risk assessment:

- Audit of the process of preparing financial statements
- Audit of the sales process
- Audit of the HR process
- Existence of revenue and revenue recognition cut-off as of the reporting date
- Existence and valuation of trade receivables
- Completeness of the reported personnel expenses
- Plausibility of forecasts made in the management report

Establishing the audit strategy and timeline for the audit

Selecting the audit team and planning the deployment of specialists

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PHASE II: SELECTION AND IMPLEMENTATION OF CONTROL-BASED AUDIT PROCEDURES

Selection of control-based audit procedures based on risk assessments and knowledge of business processes and systems

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Assessment of the design and effectiveness of selected accounting-related controls

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PHASE III: TESTS OF DETAILS AND ANALYTICAL REVIEW OF ITEMS IN THE FINANCIAL STATEMENTS

Performance of analytical reviews of items in the financial statements

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Tests of details on a sample basis and assessment of individual items with a view to the accounting options and judgments exercised, e.g.

- Obtaining confirmations from lawyers, tax advisors and credit institutions
- Obtaining balance confirmations from customers; on the basis of our knowledge of the accounting-related internal controls and of the type and scope of the transactions to be assessed, we determined a representative sample.
- Obtaining confirmations of supplier balances based on specified samples
- Critical review of the audit report prepared by the prior year's auditor
- Tests of details for selected opening balance sheet balances

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Review of disclosures in the notes and assessment of the management report

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PHASE IV: OVERALL ASSESSMENT OF AUDIT RESULTS AND REPORTING

Formation of the audit opinion on the basis of the overall assessment of audit results

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Reporting in the audit report and the auditor's report

Detailed oral presentation of audit results to management

We performed our audit (with interruptions) in the months of October 2017 to May 2018, until May 15, 2018.

All explanations and evidence requested by us were provided. Management confirmed in writing that the accounting records, financial statements and management report are complete.

4. FINDINGS CONCERNING ACCOUNTING RECORDS AND FINANCIAL REPORTING

4.1 Accounting records and related documents

The Company's accounting records have been properly kept and maintained. The accounting records and related documents are properly authorized, sufficiently explained and filed in an orderly manner. Based on our findings, the accounting records and related documents comply with German statutory requirements.

Based on our audit, we found that the Company's organizational and technical measures taken to ensure the security of the accounting-related data and IT systems were appropriate.

4.2 Financial statements

The financial statements as of March 31, 2018, presented to us for audit, were properly derived from the Company's accounting records and related documents. The opening balance sheet figures were properly carried forward from the prior year's financial statements. The statutory regulations concerning recognition, disclosure and valuation were observed.

The balance sheet and the income statement were prepared in accordance with the provisions of German commercial law governing the accounting of limited liability companies, including generally accepted accounting principles. The notes to the financial statements include all legally required information.

Proper use has been made of the protection clause under Section 286 (4) HGB.

4.3 Management report

The management report prepared by management complies with statutory regulations. The management report is consistent with the financial statements and our audit findings. It presents fairly, as a whole, the position of the Company. As a result of our audit, we conclude that the management report suitably presents the opportunities and risks of future development.

5. OPINION ON THE OVERALL PRESENTATION OF THE FINANCIAL STATEMENTS

5.1 Explanatory notes concerning the overall presentation

The general accounting policies are described in the notes to the financial statements (see Appendix 1.3).

The following transactions had a material effect on the overall presentation of the financial statements:

As of March 31, 2009, the Company transferred existing pension obligations into a reinsured pension protection fund. Therefore, pension obligations and claims from corresponding reinsurance policies are no longer recognized on the Company's balance sheet. With regard to the valuation pursuant to IAS 19 the outsourced pension obligation has a value of KEUR 8,321 as of the balance sheet date.

5.2 Conclusion on the overall presentation of the financial statements

Based on an overall consideration of the accounting policies and material transactions described above, we are of the opinion that the financial statements provide a true and fair view of the Company's net assets, financial position and results of operations in accordance with German generally accepted accounting principles.

6. AUDITOR'S REPORT

We have issued the following unqualified auditor's report:

Auditor's report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Tata Consultancy Services Deutschland GmbH, Frankfurt am Main, for the financial year from April 1, 2017, to March 31, 2018. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

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

Our audit has not led to any reservations.

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

Frankfurt am Main, May 15, 2018

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Rataj
Wirtschaftsprüfer
[German Public Auditor]

Scheffer-Hüller
Wirtschaftsprüferin
[German Public Auditor]

Appendix 1.1

Balance sheet as of March 31, 2018

(EUR)

ASSETS

	Mar. 31, 2018		Mar. 31, 2017
A. Fixed assets			
I. Intangible assets			
Software acquired for a consideration		**4.50**	4.50
II. Property, plant and equipment			
1. Office equipment	**8,323,611.23**		3,144,716.51
2. Advance payments	**218,359.27**		441,190.70
		8,541,970.50	3,585,907.21
		8,541,975.00	3,585,911.71
B. Current assets			
I. Inventories			
Work in process		**67,137,180.62**	30,677,120.20
II. Receivables and other assets			
1. Trade receivables	**98,018,315.22**		79,991,770.03
2. Receivables from affiliated companies	**1,608,507.91**		2,682,752.06
3. Other assets	**1,996,341.69**		1,958,252.30
		101,623,164.82	84,632,774.39
III. Cash at bank		**9,119,414.89**	3,830,632.58
		177,879,760.33	119,140,527.17
C. Prepaid expenses		**5,121,019.95**	2,424,281.18
		191,542,755.28	125,150,720.06

EQUITY & LIABILITIES

	Mar. 31, 2018		Mar. 31, 2017
A. Equity			
I. Subscribed capital	**150,000.00**		150,000.00
II. Capital reserve	**18,760.94**		18,760.94
III. Retained earnings	**15,710,430.58**		4,884,290.51
IV. Net income for the year	**17,237,381.27**		10,826,140.07
		33,116,572.79	15,879,191.52
B. Provisions			
1. Tax provisions	**2,851,005.01**		1,167,290.97
2. Other provisions	**27,361,675.54**		17,701,664.27
		30,212,680.55	18,868,955.24
C. Liabilities			
1. Payments received on account of orders	**67,623,507.39**		41,218,175.29
2. Trade payables - thereof due within one year: EUR 1,216,162.02 (PY: EUR 667,431.06)	**1,216,162.02**		667,431.06
3. Liabilities to affiliated companies - thereof due within one year: EUR 47,994,548.15 (PY: EUR 39,252,778.48)	**47,994,548.15**		39,252,778.48
4. Other liabilities - thereof for taxes: EUR 11,110,020.50 (PY: EUR 9,050,828.85) - thereof for social security: EUR 70,335.88 (PY: EUR 42,240.69) - thereof due within one year: EUR 11,335,884.38 (PY: EUR 9,264,188.47)	**11,335,884.38**		9,264,188.47
		128,170,101.94	90,402,573.30
D. Deferred tax liabilities		**43,400.00**	0.00
		191,542,755.28	125,150,720.06

Income statement for the period from April 1, 2017, to March 31, 2018

(EUR)

	Financial year	Prior year
1. Revenue	**390,208,454.17**	307,326,081.75
2. Increase in work in process	**36,460,060.42**	22,365,956.93
3. Other operating income - thereof income from currency translation: EUR 455,038.46 (PY: EUR 672,636.94)	**937,471.32**	1,046,636.24
4. Cost of materials		
Cost of purchased services	**-260,049,458.99**	-203,322,768.07
5. Personnel expenses		
a) Wages and salaries	**-101,789,205.78**	-82,204,017.37
b) Social security, pension and other benefits	**-10,541,100.45**	-8,280,280.52
- thereof for pensions:EUR 446,173.14 (PY: EUR 497,561.81)		
	-112,330,306.23	-90,484,297.89
6. Amortization of intangible assets and depreciation of property, plant and equipment	**-1,944,552.04**	-358,369.50
7. Other operating expenses - thereof expenses from currency translation: EUR 1,220,451.75 (PY: EUR 389,974.01)	**-28,141,395.82**	-21,171,429.15
8. Other interest and similar income - thereof from affiliated companies: EUR 0.00 (PY: EUR 239,189.04)	**10,891.39**	241,223.16
9. Interest and similar expenses	**-1,617.00**	-11,910.00
10. Income taxes - thereof expenses from the addition to and reversal of deferred taxes: EUR 43,400.00 (PY: EUR 0.00)	**-7,912,165.95**	-4,804,983.40
11. Earnings after taxes / net income for the year	**17,237,381.27**	10,826,140.07

Notes forming part of the Financial Statements

I. General information on the Company

TATA CONSULTANCY SERVICES DEUTSCHLAND GMBH has its registered office in FRANKFURT am MAIN. It is registered in the commercial register of the Frankfurt am Main District Court under the number HRB 34240.

II. General information on the content and presentation of the financial statements

The company has the size criteria of a large company pursuant to Section 267 (3) of the German Commercial Code [HGB].

The financial statements of Tata Consultancy Services Deutschland GmbH were prepared based on accounting policies in accordance with German commercial law. The relevant provisions of the German Limited Liability Companies Act [GmbHG] were also observed. The income statement has been prepared in accordance with the total cost (nature of expense) method.

III. Accounting policies

These financial statements present all assets, liabilities, deferred items, special items, expenses and income, unless otherwise provided by law. Items on the assets side were not offset against items on liabilities side, and expenses were not set off against income, unless this is expressly required by the provisions set forth under Section 246 HGB.

The amounts presented in the opening balance sheet of the financial year under review correspond with those of the closing balance sheet of the prior financial year. For valuation purposes it has been assumed that the Company is a going concern. Assets and liabilities were measured individually.

All foreseeable risks and losses incurred as of the reporting date have been carefully assessed and considered, even if they only became apparent between the reporting date and the preparation of financial statements. Unless expressly required by law profits only realized by the reporting date have been considered. Income and expenses for the financial year have been considered regardless of the date of payment.

Intangible assets and property, plant and equipment were stated at cost less amortization and depreciation. Assets are amortized/depreciated over their individually assessed expected useful life on a straight-line basis. A useful life of 4 years is assumed for intangible assets, and items of property, plant and equipment are depreciated over a period of between 3 and 8 years.

Assets with a value of up to EUR 410 were written off in full in the year of acquisition.

The Company has a reinsurance claim from life insurance, which is measured at fair value. The fair value of the reinsurance claim comprises the insurance company's budgeted insurance cover funds plus any existing premium reimbursement credits (profit sharing). As fair value of the offset assets, the reinsurance asset value communicated by the insurance company of KEUR 408 is used, which corresponds to their cost. The matching covered pension provision is valued using the fair value of the reinsurance policy pursuant to Section 253 (1) sentence 3 HGB and this is presented on a net basis as these are plan assets within the meaning of Section 246 (2) HGB.

As part of long-term contract manufacturing, revenue according to the completed contract approach was presented only after the service performance had been carried out, i.e. upon the conclusion of the project. Expenses incurred for projects that had not yet been completed were capitalized as work in process during the reporting year. Work in process is to be capitalized at production cost pursuant to Section 255 (2) HGB. The cost of production includes direct costs as well as necessary material and manufacturing overheads and, in this case in particular, personnel expenses. Interest on borrowings is not included. If the expected sales revenue from a contract does not cover the capitalized amounts plus all further costs that are expected to be incurred, a corresponding write-down to the lower fair value takes place. A provision will only be recognized in the corresponding amount if an expected loss exceeds the capitalized cost.

Receivables and other assets are stated at cost. Provisions are made for all discernible individual risks and general credit risk.

Receivables denominated in foreign currency with a residual maturity not exceeding one year are stated at the average spot exchange rate on the balance sheet date. All other receivables denominated in foreign currency are valued at the lower of the exchange rate prevailing on the date of invoicing and the average spot exchange rate on the closing date.

Deferred tax assets and liabilities are based on differences between the valuations in the commercial and tax balance sheets for fixed assets in the amount of KEUR 310, for provisions for pensions and partial retirement obligations in the amount of KEUR 134 and for the provision for onerous contracts in the amount of KEUR 39. These have been calculated using a tax rate of 32%.

Other provisions were recognized for contingent liabilities, which are not determined in terms of their amount or the time at which they will be incurred, at their expected settlement amount calculated in accordance with prudent commercial judgment.

All other provisions have a term of a maximum of one year.

All provisions with an initial term or remaining term of exactly one year or less are not discounted.

Liabilities have been shown at their settlement amount.

Liabilities denominated in foreign currency with a residual maturity not exceeding one year are stated at the average spot exchange rate on the balance sheet date. All other payables in foreign currency are valued at the higher of the exchange rate prevailing on the date of invoicing and the average spot exchange rate on the closing date.

Proportions of VAT for payments received are recognized as liabilities under 'other liabilities' until such time that they are transferred.

IV. Explanatory notes to the balance sheet

The development of fixed assets is shown in the statement of movements in fixed assets. Receivables from affiliated companies exclusively comprise trade receivables.

Other assets of KEUR 1,996 (PY: KEUR 1,958) relate mainly to receivables from employees in the amount of KEUR 1,560 (PY: KEUR 1,513) and lease security deposits in the amount of KEUR 421 (PY: KEUR 423).

The lease security deposits have a remaining maturity of more than one year. As in the prior year, all receivables and other assets have a remaining term of less than one year.

Prepaid expenses largely relate to advance payments for the maintenance of hard- and software for the following year and lease rental payments for the month of April 2018.

Other provisions (KEUR 27,362, PY: KEUR 17,702) mainly comprise provisions for outstanding invoices (KEUR 14,351, PY: KEUR 7,518), bonus payments (KEUR 5,241, PY: KEUR 4,707), provisions for expected recharging arising from intra-group transfer pricing (KEUR 3,323, PY: KEUR 1,685), provisions for volume discounts (KEUR 2,494, PY: KEUR 1,826) and leave (PY: KEUR 1,423, PY: KEUR 1,556).

As in the prior year, all liabilities have a remaining term of less than one year. Liabilities to affiliated companies are comprised solely of trade payables.

Liabilities to affiliated companies (KEUR 47,995, PY: KEUR 39,253) include KEUR 47,287 (PY: KEUR 39,014) liabilities to shareholders.

V. Explanatory notes to the income statement

Revenue increased by 27% compared to the prior year to KEUR 390,208. Revenue in the areas of management consulting and software development was almost exclusively generated in Germany. Of the total amount of revenue 75% is attributable to management consulting and 25% to software development. Revenue was broken down by location as follows: Frankfurt KEUR 225,094 (PY: KEUR 162,452), DUsseldorf KEUR 90,925 (PY: KEUR 66,115), Hamburg KEUR 26,360 (PY: KEUR 34,562) and Munich KEUR 47,829 (PY: KEUR 44,195). In terms of its business activities, the branch office in Walldorf is of minor significance.

From this revenue costs of purchased services in the amount of KEUR 260,049 (PY: KEUR 203,323) were incurred along with personnel expenses, inclusive of social security contributions, in the amount of KEUR 112,330 (PY: KEUR 90,484).

Other operating income of KEUR 937 (PY: KEUR 1,047) mainly comprises gains on foreign exchange translation of KEUR 455 (PY: KEUR 673).

Other operating expenses in the amount of KEUR 28,141 (PY: KEUR 21,171) largely include selling, general and administrative expenses. The expenses included herein from currency translation amount to KEUR 1,220 (PY: KEUR 390).

VI. Other disclosures

Disclosures regarding off-balance sheet transactions

As of March 31, 2009, the Company transferred existing pension obligations into a reinsured pension protection fund. As a result of this future payment obligations were outsourced. In the event that the assets from the reinsurance policy are not

Notes forming part of the Financial Statements

equal to the pension obligation the Company bears the risk and is to bridge the funding gap. However, this is risk is limited as the pension relief fund is managed by a professional insurance agency and the claims from the reinsurance policy are subject to a guaranteed minimum rate of return.

Other financial obligations

As of March 31, 2018, there were financial obligations from lease agreements for the offices in Frankfurt, Dusseldorf, Munich, Hamburg, Stuttgart, Walldorf, Bonn and Berlin in the amount of KEUR 1,744 payable in 2018/2019, KEUR 1,399 payable in 2019/2020, KEUR 1,104 payable in 2020/2021 and KEUR 914 payable in 2021/2022 and KEUR 343 payable in 2022/2023 as well as from leasing agreements in the amount of KEUR 259 payable in 2018/2019, KEUR 177 payable in 2019/2020, KEUR 73 payable in 2020/2021 and KEUR 13 payable in 2021/2022. In addition, there are other financial obligations from a pension group agreement concluded with Allianz Lebensversicherungs AG in the form of a defined contribution performance bonus in the amount of KEUR 450. Thus other financial obligations amount to a total of KEUR 6,476.

Members of the Company's executive bodies

The following persons were in charge of the Company's management during the year under review:

Pauroos Karkaria

Sapthagiri Chapalapalli

Pradeep Gaitonde

Ajoyendra Mukherjee

Mr. Pauroos Karkaria and Mr. Pradeep Gaitonde are responsible for Accounting and Finance. Mr. Sapthagiri Chapalapalli is responsible for Sales and Mr. Ajoyendra Mukherjee for HR. Mr. Pauroos Karkaria and Mr. Ajoyendra Mukherjee are employed by Tata Consultancy Services Limited, India. Mr. Pradeep Gaitonde is employed by Tata Consultancy Services France S.A.S, France.

The Company made use of the exemption clause under Section 286 (4) HGB as Mr. Sapthagiri Chapalapalli was the only Managing Director to receive remuneration from the Company.

Average number of employees during the financial year

The total average number of employees amounts to 1,501 (PY: 1,191). The Company has only salaried employees. The Company had an average of 575 (PY: 597) employees at its registered office in Frankfurt. The three most significant branch offices had the following average number of employees: DUsseldorf (441, PY: 275), Hamburg (79, PY: 59) and Munich (245, PY: 178).

Parent company

Tata Consultancy Services Limited, Mumbai, India, prepares the consolidated financial statements for the smallest group of companies and Tata Sons Limited, Mumbai, India, prepares the consolidated financial statements for the largest group of companies, into which Tata Consultancy Services Deutschland GmbH is respectively included. The consolidated financial statements can be obtained from Bombay House, Mumbai, India.

The consolidated financial statements of Tata Consultancy Services Limited, Mumbai, India, are published under the register number 11-84781 and the consolidated financial statements of Tata Sons Limited, Mumbai, India, are published under the register number 478.

Auditor's fee

The following fee was charged by the auditor for the year under review for audit services provided: KEUR 45.

Related party transactions

With regard to the disclosures pursuant to Section 285 no. 21 HGB concerning transactions with related parties, the Company made use of the exemption provided under Section 285 no. 21 clause 2 HGB, according to which such transactions are exempt from disclosure requirements where these are with and between companies in which a 100% shareholding is held directly or indirectly and which are included in the consolidated financial statements of Tata Consultancy Services Limited.

Notes forming part of the Financial Statements

In the reporting year expenses of KEUR 1,121 were generated from the procurement of contract-related services from affiliated companies, in which Tata Consultancy Services Limited does not directly or indirectly hold a 100% shareholding.

Subsequent events

There were no significant events after the end of the financial year under review that were not taken into account in the income statement or in the balance sheet.

Proposal for the appropriation of profits

Management will propose to the shareholders' meeting that the net income for the year of EUR 17,237,381.27 and the retained earnings of EUR 15,710,430.58 be carried forward to the following year.

Frankfurt am Main, May 15, 2018

P. Karkaria	S. Chapalapalli	P. Gaitonde	A. Mukherjee
(Managing Director)	(Managing Director)	(Managing Director)	(Managing Director)

Notes forming part of the Financial Statements

Appendix to the notes

Statement of Movements in Fixed Assets (Gross)
As of March 31, 2018

(EUR)

	Cost	Additions	Disposals	Reclassifications	Cost	Accumulated amortization, depreciation and write-downs	Disposals	Amortization, depreciation and write-downs in the financia year	Accumulated amortization, depreciation and write-downs	Book value	Book value
	Apr. 1, 2017				Mar. 31, 2018	Apr. 1, 2017			Mar. 31, 2018	Mar. 31, 2018	Mar. 31, 2017
I. Intangible assets											
Software acquired for a consideration	117,154.48	**0.00**	**0.00**	**0.00**	**117,154.48**	117,149.98	**0.00**	**0.00**	**117,149.98**	**4.50**	4.50
Intangible assets	117,154.48	**0.00**	**0.00**	**0.00**	**117,154.48**	117,149.98	**0.00**	**0.00**	**117,149.98**	**4.50**	4.50
II. Property, plant and equipment											
1. Office equipment	6,081,897.90	**7,123,446.76**	**0.00**	**0.00**	**13,205,344.66**	2,937,181.39	**0.00**	**1,944,552.04**	**4,881,733.43**	**8,323,611.23**	3,144,716.51
2. Advance payments	441,190.70	**218,359.27**	**- 441,190.70**	**0.00**	**218,359.27**	0.00	**0.00**	**0.00**	**0.00**	**218,359.27**	441,190.70
Property, plant and equipment	6,523,088.60	**7,341,806.03**	**- 441,190.70**	**0.00**	**13,423,703.93**	2,937,181.39	**0.00**	**1,944,552.04**	**4,881,733.43**	**8,541,970.50**	3,585,907.21
	6,640,243.08	**7,341,806.03**	**- 441,190.70**	**0.00**	**13,540,858.41**	3,054,331.37	**0.00**	**1,944,552.04**	**4,998,883.41**	**8,541,975.00**	3,585,911.71

MANAGEMENT REPORT

For the financial year from april 1, 2017, to march 31, 2018,

of TATA CONSULTANCY SERVICES DEUTSCHLAND GMBH, FRANKFURT AM MAIN

I. Company profile

1. Company's purpose

The Company is active on the IT market. It provides services in the areas of management consulting and software development. It maintains branch offices in Munich, Hamburg, Dusseldorf and Walldorf.

The Company's key performance indicators are revenue and annual earnings.

2. Research and development

In the year under review the Company was not engaged in any research and development activities.

II. Economic report

1 General economic conditions and industry environment

The German economy developed positively in 2017. According to the German Federal Statistical Office, gross domestic product in Germany in 2017 rose by 2.2% compared to the prior year (PY: 1.9%), to the highest rate for six years. Investments in machinery and equipment increased by 3.5% in 2017, after a 2.6% in the prior year.

The IT market in Germany also recorded above-average growth rates in 2017. According to the German Federal Statistical Office, adjusted for calendar-related and seasonal effects revenue in the information and communication sector in Q4 2017 was 6.1% higher than in Q4 2016. According to figures from the digital association bitkom, ICT providers created 45,000 additional jobs in 2017 and thus generated record high levels of employment growth within one year. Based on data from the European IT Observatory (EITO), on a per capita basis Germans invested EUR 855 per resident in IT in 2017. This corresponds to annual growth of 2%.

2. Business development

Revenue for the year under review increased by KEUR 82,882 to KEUR 390,208 compared to the 2016/2017 financial year due to successful sales efforts. A total of KEUR 225,094 (PY: KEUR 162,452) of revenue was attributable to the location in Frankfurt (Company's registered office). Revenue for the three most important branch offices is broken down as follows:

Dusseldorf (KEUR 90,925, PY: KEUR 66,115), Hamburg (KEUR 26,360, PY: KEUR 34,562) and Munich (KEUR 47,829, PY: KEUR 44,195). In terms of its business activities, the branch office in Walldorf is of minor significance.

Growth in revenue was largely driven by higher sales amongst existing customers and the acquisition of new customers.

The expectations from the prior year regarding revenue and net income for the year were thus once again exceeded. In the prior year a moderate increase in revenue and a net income in the region of that attained in the prior year were forecast. In fact a well above average revenue increase of KEUR 82,882 was achieved, which corresponds to a year- on-year increase of 27%. The net income for the year of KEUR 17,237 was also significantly better than had been expected. This is largely due to the fact that above- average levels of revenue were achieved in the following new business areas of TCS Cloud, digital transformation, SAP services, Life Sciences and BFS above the forecast level.

The average number of persons employed by the Company increased from 1,191 in the 2016/2017 financial year to 1,501 in the 2017/2018 financial year.

3. Net assets, financial position and results of operations

Results of operations

Total operating performance, comprising revenue and change in inventories, increased from KEUR 329,692 in the 2016/2017 financial year to KEUR 426,669 in the 2017/2018 financial year.

KEUR

	2014/2015	2015/2016	2016/2017	**2017/2018**
Earnings after taxes	5,679	9,958	10,826	**17,237**

The improvement in earnings was largely due to the increase in total operating performance mentioned above. It was possible to achieve an improvement in the gross profit margin from 41.1% in the prior year to 42.7% in the current financial year as an increased proportion of revenue was generated using the Company's own employees.

Changes in the different types of expenses in relation to total operating performance are presented below:

	Apr. 1, 2016 - Mar. 31, 2017	**Apr. 1, 2017 - Mar. 31, 2018**
	%	**%**
Cost of purchased services	62	**61**
Personnel expenses	27	**26**
Other operating expenses	6	**7**

Cost of purchased services largely relates to services from affiliated companies and German subcontractors.

Financial position

Cash and cash equivalents increased compared to March 31, 2017, from KEUR 3,831 to KEUR 9,119.

Cash flows from operating activities decreased from KEUR 14,791 in the 2016/2017 financial year to KEUR 12,146 in the 2017/2018 financial year. This is largely due to the increase in work in process and trade receivables.

The Company reported positive net working capital of KEUR 19,075 (PY: KEUR 9,447). Net working capital is composed of inventories, cash and cash equivalents, current receivables and other assets less current provisions and liabilities.

Net assets

Assets increased compared to March 31, 2017, from KEUR 125,151 to KEUR 191,543, primarily due to the increase in work in process and trade receivables. This development reflects the increased business volume.

The range of trade receivables (amount of receivables * 360/revenue) decreased from 94 days in the prior year to 90 days in the current financial year.

Equity increased compared to March 31, 2017, by KEUR 17,237 to KEUR 33,117.

The equity ratio amounted to 17.3% (PY: 12.7%). The improvement in the equity ratio results from the net income for the year.

Provisions (KEUR 30,213, PY: KEUR 18,869) mainly comprise provisions for outstanding invoices (KEUR 14,351, PY: KEUR 7,518), bonus payments (KEUR 5,241, PY: KEUR 4,707), leave (KEUR 1,423, PY: KEUR 1,556), provisions for expected recharging arising from intra-group transfer pricing (KEUR 3,323, PY: KEUR 1,685), provisions for volume discounts (KEUR 2,494, PY: KEUR 1,826) and tax provisions (PY: KEUR 2,851, PY: KEUR 1,167).

Liabilities to affiliated companies increased compared to March 31, 2017 by KEUR 8,742 to KEUR 47,995, which is largely due to the increase in services purchased from the parent company.

The year-on-year increase in other liabilities of KEUR 2,072 largely stems from the increase in VAT liabilities and liabilities from payroll and church tax.

The Company's overall business performance was favorable and had a positive impact on the Company's net assets, financial position, and results of operations. This development also continued up until the time at which this management report was prepared.

Intangible assets

The assets of a company are not only measured in quantifiable assets, elements that can only be described as qualitative also play a role. In this regard the employees of Tata Consultancy Services Deutschland GmbH are also doubtlessly one of the most important cornerstones of the Company's success. At 7.3% the employee turnover rate is below the levels seen at other comparable companies. Tata Consultancy Services Deutschland GmbH has been certified as a Top Employer in Germany on an uninterrupted basis since 2013. The Company is committed to having a diverse corporate structure (e.g. by celebrating a 'Diversity day') and has signed the 'Diversity Charter'. TCS Deutschland has set up the program 'Grow@TCS' with the aim of recruiting trainees from 14 German universities.

Furthermore, the Company supports workshops, application and career training sessions in schools along with integration initiatives for refugees (e.g. cultural workshops and application support sessions), participates in 'Girls Day' to motivate young girls to take up careers in technical professions and also takes part in various charity runs. The Company uses green electricity in its offices in Frankfurt, Munich and Dusseldorf.

Moreover, the Company places a great deal of importance on client relationships in consulting-intensive services. Tata Consultancy Services Deutschland GmbH has a strong customer base with more than 100 customers distributed across all important sectors. 12 new customers were added to this in the reporting year. The Company took first place for the fourth time in a row in the Whitelane customer satisfaction survey.

III. Forecast, opportunities and risks

1. Forecast

Expected general economic conditions and industry environment

In its Spring Forecast 2018 the Kiel Institute for the World Economy (IfW) anticipates an increase in global production, based on purchasing power parity, in 2018 and 2019 of 4.0% and 3.8%, respectively. The IfW is of the opinion that the tax reform in the USA could have a favorable impact on the world economy. This contrasts with increasing uncertainty regarding the expected pace of tightening of monetary policy in the USA and concerns relating to free global trade. For the euro area the IfW expects strong expansion to continue. For 2018 and 2019 an increase in GDP of 2.4% and 2.1%, respectively, is forecast. For Germany the IfW expects a GDP growth rate for this year of 2.5% and 2.3% for 2019. According to the IfW the fiscal policy plans set out by the new German federal government are likely to only further boost the already strong economy. However, an escalating trade conflict would also have a significant negative impact on the German economy.

The digital association bitkom also anticipates increasing revenue in the IT sector for 2018. According to a bitkom forecast the IT market should grow in 2018 overall by 3.1% to EUR 88.8 billion. This includes the software sector, which expects to see a boost to revenue of 6.3% to EUR 24.4 billion; business with IT services, which includes project business and IT consulting amongst other sectors, is forecast to grow by 2.6% to EUR 40.0 billion.

Outlook for the Company

In order to generate growth above the sector average in the 2018/2019 financial year and in subsequent years, management plans to aggressively market its services to new customers and open up new business areas with existing customers. Investments were made in Germany in the reporting year to launch TCS Enterprise Cloud and digital services. Both areas hold significant opportunities for the Company to create new service sectors.

For the 2018/2019 financial year the growth dynamic is expected to continue with respect to revenue and net income and in each case slight year-on-year growth is expected.

Management has not identified any risks that cast significant doubt on the Company's ability to continue as a going concern.

2. Risk report

Sector-specific risks

Customers' propensity to invest is influenced by the overall economic development in their respective countries and in Europe as a whole as well as by their confidence in a positive economic trend. As the Company generates the majority of its revenue in Germany, the development of the German economy in particular is decisive for the Company's growth.

Income-related risks

The Company is responsible for the on-site services that it provides. In view of the quality of the services that it provides and based on past experience, the Company is of the opinion that guarantee risks for the services it provides are not significant.

Financial risks

Foreign exchange risks stem in particular from the conclusion of transactions in US dollar and other foreign currencies. A weakening of the dollar or other foreign currencies against the euro could consequently lead to foreign exchange losses. As of the reporting date receivables and bank balances denominated in US dollar amounted to KEUR 6,636. These contrast with USD liabilities of KEUR 687.

Default and liquidity risks are limited by the selection of customers and by close cooperation on payment transactions between sales and administration for the purposes of effective debt collection. The Company's customer base is solvent and has a good credit standing. Non-recoverable receivables are an absolute exception. In addition, there has been long-standing cooperation with a majority of customers.

The Company is a member of a reinsured pension protection fund. In the event that the assets from the reinsurance policy are not equal to the pension obligation, the Company bears the risk and is to bridge the funding gap. However, this risk is limited as the pension relief fund is managed by a professional insurance agency and the claims from the reinsurance policy are subject to a guaranteed minimum rate of return.

3. Opportunities

The Company's ability to generate growth and maintain its economic momentum is linked to its ability to always be able to meet customers' ever changing business requirements and to assist them to effectively deploy new technologies across all of their business areas. TCS Enterprise Cloud and Digital Services continue to hold significant opportunities for growth in the market. Significant investments to further develop these services were made during the year under review. In addition, new business areas should be developed and expanded, and marketed to both existing and new customers.

IV. Corporate governance statement in accordance with Section 289f HGB

The Company is a part of a multinational group which has significant operations worldwide. As part of its ongoing efforts to promote talent diversity the Company encourages recruitment of talent with diverse educational, cultural and national background. Global gender diversity of the group shows that women comprise more than thirty five percent of its employees up from thirty percent in the previous year. As on 31

March 2018, the parent Company has a woman director on its board of directors. The Company believes that elevation to the board of the Company depends on the requirements, an individual's skill set and experience required to carry out the functions of the board and the availability of such an individual to assume such responsibilities. The Company through its regular leadership development programs continuously helps employees to build their capabilities for higher roles, however has to still define targets and deadlines for the participation of women in management position.

Frankfurt am Main, May 15, 2018

P. Karkaria	**S. Chapalapalli**	**P. Gaitonde**	**A. Mukherjee**
(Managing Director)	(Managing Director)	(Managing Director)	(Managing Director)

[Translator's notes are in square brackets]

Appendix 2

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (Wirtschaftsprüfer) or German Public Audit Firms (Wirtschaftsprüfungsgesellschaften) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (Grundsätze ord- nungsmäßiger Berufsausübung). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (betriebswirtschaftliche Prüfungen), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obli- gated to refer the engaging party to changes or any consequences result- ing therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further infor- mation necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept en- gagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engage- ment relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1 The distribution to a third party of professional statements of the Ger- man Public Auditor (results of work or extracts of the results of work wheth- er in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjusti- fied refusal to perform subsequently, or for unconscionability or impossibil- ity of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscion- ability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficien- cies in writing (Textform) [Translators Note: The German term "Textform" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: Handelsgesetzbuch], § 43 WPO [German Law regulat- ing the Profession of Wirtschaftsprüfer: Wirtschaftsprüferordnung], § 203 StGB [German Criminal Code: Strafgesetzbuch]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circum- stances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confi- dentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for dam- ages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: Produkthaftungsgesetz], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replace- ment by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) lf the German Public Auditor revokes the auditor's report, it may no longer be used. lf the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping en- gagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (Steuerberatungsvergü- tungsverordnung) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (Textform).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;

b) support and representation in proceedings before tax and administra- tive courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admis- sion and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (Textform) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settle- ment procedures before a consumer arbitration board (Verbraucherschlich- tungsstelle) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (Verbraucherstreitbeilegungsgesetz).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

Tata Consultancy Services Sverige AB

556559-4008

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended
2017-04-01 - 2018-03-31

tcs 50 TATA

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018

Certificate of approval

The undersigned member of the board of the Tata Consultancy Services Sverige AB 556559-4008 hereby certifies that this copy of the Annual Report is a true duplicate, and that the Income Statement and Balance Sheet were adopted by the AGM on 2018-.....-..... The meeting also decided to approve the Board of Directors's proposal for distribution of profits.

Stockholm 2018-.....-.....

Pauroosasp D Karkaria

Directors' Report

The board of directors of Tata Consultancy Services Sverige AB hereby presents the financial statement for financial year 2017-04-01 - 2018-03-31.

Business operations

TCS drives value for its Swedish clients by creating and delivering consulting, IT services and product engineering services synergistically, using TCS Global Network Delivery Model (GNDM). This unique global service standard results in increased service quality and alignment to our clients business needs. We have been servicing the Swedish market since 1991. We have over 390,000 consultants working globally, out of which 6,745 consultants are serving Swedish clients. The business has its domicile in Stockholm.

Ownership

The company is a wholly-owned affiliate of Tata Consultancy Services Limited org no L22210MH1995PLC084781, with its headquarter in Mumbai, India, is preparing the consolidated financial statement for the group company. Tata Consultancy Services Limited is a publicly listed company on the National Stock Exchange of India Limited and BSE Limited in India. Tata Consultancy Services Limited is owned with 71,89% of the shares by the ultimate holding company Tata Sons Limited org no 478, in Mumbai with address; Bombay House, 24, Homi Mody Street, Mumbai 400 001 India which is the headquarter of Tata.

Significant events during the financial year

Net sales has increased during the year by 17% from 2 584 MSEK to 3 030 MSEK. The increase is mainly related to increase in the quantum of fixed price contracts with existing clients. The demand for IT-services and outsourcing services continue to show an increasing trend in the Swedish market.

Development of company operations, result and position

	2018-03-31	*2017-03-31*	*2016-03-31*	*2015-03-31*
Net sales (in thousands)	**3 030 276**	2 584 138	1 972 610	1 562 944
Profit/ loss after financial items (in thousands)	**214 814**	217 086	122 464	110 469
Equity ratio, % (1)	**46,5**	42,8	29,9	21,4
Operating profit (in thousands)	**214 465,9**	216 979,9	122 213,0	110 430,0
Total assets (in thousands)	**1 272 709,8**	993 151,3	860 604,7	767 072,4
Average number of employees	**84,0**	85,0	111,0	106,0

(1) Adjusted equity/total assets. By adjusted equity means equity + untaxed reserves with deduction of deferred tax liability.

Significant events after the financial year

No signficant events after the financial year have occurred.

Significant risks and uncertainities

In the course of its business activities, the Company is exposed to risks and uncertainties arising from exogenous factors related to the overall macroeconomic framework or the specific environment the Company operates in, as well as risks related to strategic decisions and internal risk management.

The identification and mitigation of these risks were carried out on a regular basis through consistent monitoring and the process is continuously improved and adapted to the changing global risk scenario.

The Company can count on a central risk management, although it allows its supervisors to take care of identification, monitoring and mitigation of the risks themselves. The aim is to estimate the impact of each risk according to going concern premises, reduce risks occurrence and/or moderate their effect in proportion to the determining factor (controllable by the Company or not).

On the topic of business risks, the main risks identified, monitored and managed by the company are as follows:

- risks dependent on exogenous variables;

- risk related to competitiveness;

- risks related to the demand / macro-economic cycles.

The company is exposed to foreign exchange risk as it deals in multi currencies. However, the risk is hedged to a great extent as the expenses are incurred in the respective foreign currency.

The company operates in highly competitive industry, which is reflected in intense price competition of products and services.

In the course of its business activities, the Company is exposed to risks and uncertainties arising from exogenous factors related to the overall macroeconomic framework and the consequent reduction in IT spending by the companies, in containing their costs, could impact the Company's business.

Expected future business activites

We continuously strive to establish new business lines with existing clients and we are also trying to acquire new clients. The demand for our services are expected to be in line with the Swedish market for IT-services during the financial year 2018-2019.

Sustainability information

The company's sustainability report is prepared by the parent company TCS Ltd.

Proposed allocation of company profit or loss

	Amounts in SEK
Profit brought forward from previous years	287 543 092
Profit for the year	134 007 361
Sum	421 550 453
The board proposes that	
the following be carried forward	421 550 453
Total	421 550 453

Concerning earnings and financial position, please view the attached documentation on Income Statement, Balance Sheet and Cash flow analysis together with additional information in notes.

AUDITORS' REPORT

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF TATA CONSULTANCY SERVICES SVERIGE AB, CORP. ID 5565594008

REPORT ON THE ANNUAL ACCOUNTS

Opinions

We have audited the annual accounts of Tata Consultancy Services Sverige AB for the financial year 2017-04-01—2018-03-31. 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 Tata Consultancy Services Sverige AB as of 31 March 2018 and its financial performance and cash flow 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 Tata Consultancy Services Sverige 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 2016-04-01—2017-03-31 was performed by another auditor who submitted an auditor´s report dated 29 May 2017, with unmodified opinions in the Report on the annual accounts.

Responsibilities of the Board of Directors

The Board of Directors is 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 is 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 is 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 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.
- Conclude on the appropriateness of the Board of Directors', 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 of Tata Consultancy Services Sverige AB for the financial year 2017-04-01—2018-03-31 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 members of the Board of Directors 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 Tata Consultancy Services Sverige 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

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.

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 any member of the Board of Directors 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.

Stockholm 2018-05-
KPMG AB

Stefan Älgne

Authorized Public Accountant

Balance Sheet

Amounts in SEK

	Note	2018-03-31	2017-03-31
ASSETS			
Fixed assets			
Tangible assets			
Equipment, tools, fixtures and fittings	9	**31 295 306**	35 071 584
		31 295 306	35 071 584
Financial assets			
Other long-term receivables	10	**21 058 262**	22 986 331
		21 058 262	22 986 331
Total fixed assets		**52 353 568**	58 057 915
Current assets			
Current receivables			
Accounts receivable - trade		**970 326 943**	676 635 754
Receivables from group companies	11	**3 430 695**	92 728
Other receivables		**24 922 676**	11 277 673
Receivables due from customers	12	**103 078 289**	150 139 909
Prepaid expenses and accrued income	13	**29 142 820**	25 409 708
		1 130 901 423	863 555 772
Cash and bank balances		**89 454 773**	71 537 635
Total current assets		**1 220 356 196**	935 093 407
TOTAL ASSETS		**1 272 709 764**	993 151 322
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	14	**100 000**	100 000
Statutory reserve		**20 000**	20 000
		120 000	120 000
Non-restricted equity	15		
Result brought forward		**287 543 092**	162 868 611
Profit for the year		**134 007 361**	124 674 481
		421 550 453	287 543 092
Total equity		**421 670 453**	287 663 092
Untaxed reserves			
Tax allocation reserves	16	**215 953 833**	176 785 939
		215 953 833	176 785 939
Current liabilities			
Accounts payable - trade		**7 424 483**	4 116 124
Liabilities to group companies	17	**393 165 878**	371 470 397
Tax liability		**35 035 828**	27 772 566
Other current liabilities		**142 175 362**	86 273 908
Liabilities due from customers	18	**3 670 202**	-
Accrued expenses and deferred income	19	**53 613 725**	39 069 296
		635 085 478	528 702 291
TOTAL EQUITY AND LIABILITIES		**1 272 709 764**	993 151 322

Income Statement

Amounts in SEK

	Note	**2017-04-01-2018-03-31**	*2016-04-01-2017-03-31*
Net sales	*3*	**3 030 275 748**	2 584 138 314
Other operating income		**14 676 979**	38 532 002
		3 044 952 727	2 622 670 316
Operating expenses			
Sales/Service costs		**-1 969 231 267**	-1 740 678 188
Other external costs	*4,5*	**-744 193 772**	-556 103 890
Employee benefit expenses	*6*	**-105 211 985**	-100 144 421
Depreciation of tangible assets		**-11 849 837**	-8 763 922
Operating profit		**214 465 866**	216 979 895
Profit from financial items			
Interest income and similar income	*7*	**347 796**	106 568
Profit after financial items		**214 813 662**	217 086 463
Appropriations		**-39 167 894**	-55 669 869
Profit before tax		**175 645 768**	161 416 594
Tax on profit for the year	*8*	**-41 638 407**	-36 742 113
Net profit for the year		**134 007 361**	124 674 481

Changes of equity

Amounts in SEK

	Share capital	Statutory reserve	Balance Sheet profit	Year's profit
At beginning of year	**100 000**	**20 000**	**162 868 611**	**124 674 481**
Transfer of previous year's profit			**124 674 481**	
Profit for the year				**9 332 880**
At year-end	**100 000**	**20 000**	**287 543 092**	**134 007 361**

Cash flow statement

Amounts in SEK

	Note	**2017-04-01-2018-03-31**	2016-04-01-2017-03-31
Operating activities			
Profit after financial items		**214 813 662**	217 086 463
Adjustments for items not included in cash flow, etc.	20	**11 849 837**	8 763 922
		226 663 499	225 850 385
Tax paid		**-34 375 145**	-30 013 287
Cash flow from operating activities before changes in working capital		**192 288 354**	195 837 098
Cash flow from changes in working capital			
Increase(-)/Decrease (+) in inventories		**50 731 822**	-40 829 163
Increase(-)/Decrease (+) in operating receivables		**-314 407 272**	-106 463 948
Increase (+)/Decrease (-) in operating liabilities		**95 449 724**	-54 526 557
Cash flow from operating activities		**24 062 628**	-5 982 570
Investing activities			
Acquisition of tangible assets		**-8 073 560**	-37 526 861
Acquisition of financial assets		**1 928 070**	-9 979 705
Cash flow from investing activities		**-6 145 490**	-47 506 566
Financing activities			
Cash flow from financing activities		**-**	-
Cash flow for the year		**17 917 138**	-53 489 136
Cash and cash equivalents at the beginning of the year		**71 537 635**	125 026 771
Cash and cash equivalents at the end of the year		**89 454 773**	71 537 635

Notes forming part of the Financial Statements

1 ACCOUNTING PRINCIPLES

Accounting and valuation principles

The company applies the Swedish Annual Accounts Act (1995: 1554) and the Accounting Standards Board BFNAR 2012: 1 Annual report and consolidated financial statements ("K3").

Revenue

Revenue is recognized at the fair value of the consideration received or receivable, net of value added tax, rebates, returns and other similar allowances.

Sales of services

Revenue from the sale of services on an ongoing basis are recognized as revenue in the period the work is performed and materials supplied or consumed.

Revenue from sales of services to fixed price contracts is recognized using the so-called percentage of completion method. This means that revenues and costs are recognized in proportion to the stage of completion at the balance sheet date. Completion is determined by calculating the ratio of contract costs incurred for work performed to date bear to the estimated total contract costs. An expected loss on an assignment is recognized immediately as an expense. When the outcome of a transaction cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognized as expenses in the period in which they arise.

Leases

A finance lease is a contract under which the risks and rewards incidental to ownership of an asset are essentially transferred from the lessor to the lessee. Other leases are classified as operating leases. All leases are accounted for as operating leases.

Lessees

Lease payments under operating leases are expensed on a straight-line basis over the lease term unless another systematic approach better reflects the user's benefit over time.

Foreign currency

The company's reporting currency is the Swedish krona (SEK).

Translation of foreign currency items

At each balance sheet date, monetary items are denominated in foreign currencies at the closing rate. Non-monetary items are measured in terms of historical cost in foreign currency at the purchase date rate. Exchange differences are recognized in operating income or financial item based on the underlying transaction, in the period incurred, except for transactions that constitute hedges and qualify for hedge accounting of cash flow or net investment.

Employee Benefits

Employee benefits in the form of salaries, bonuses, paid holidays, paid sick leave, etc. and pensions is recognized as earned. Pensions and other post-employment benefits are classified as defined contribution or defined benefit pension plans. The company has only defined contribution pension plans.

Defined contribution plans

For defined contribution plans, the company pays fixed contributions into a separate independent legal entity and has no obligation to pay further contributions. The company's earnings are charged with costs as the benefits are earned, which normally coincides with the time when premiums are paid.

Income Taxes

The tax expense represents the sum of current and deferred tax.

Current tax

Current tax is calculated on the taxable profit for the period. Taxable profit differs from the result reported in the income

Notes forming part of the Financial Statements

statement when it is adjusted for non-taxable income and non-deductible expenses and income and expense that are taxable or deductible in other periods. Current tax is calculated using tax rates applicable at the balance sheet date.

Deferred taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the tax bases used in the computation of taxable profit. Deferred tax is recognized using the liability method. Deferred tax liabilities are recognized for practically all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the amounts can be utilized against future taxable income. Untaxed reserves are reported including deferred tax liabilities.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to be used, wholly or partly, against the deferred tax asset.

The valuation of deferred tax is based on how the company, the balance sheet date, expects to recover the carrying value of the corresponding asset or settle the carrying amount of the associated liabilities. Deferred tax is calculated using tax rates and tax laws that have been enacted by the balance sheet date.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in the income statement, except when the tax relates to items recognized directly in equity. In such cases, the tax is also recognized directly in equity.

Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment losses.

The cost consists of the purchase price and costs directly attributable to the acquisition to put it in place and condition for use. Subsequent costs are included only in the asset or recognized as a separate asset when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the same item can be measured reliably. All other repairs and maintenance, and additional expenses are recognized in the income statement in the period in which they arise.

Depreciation of tangible fixed assets are expensed as cost of the asset, possibly, less estimated residual value at the end of useful life is amortized over its estimated useful life. If an asset has been divided into different components are written each component separately over its useful life. Depreciation commences is the tangible fixed asset can be put to use. Tangible fixed assets' useful lives are estimated at:

Tangible assets	Year
Machinery and other technical equipment	5
Equipment, tools and installations	5
Computers	4

Estimated useful lives and amortization methods are reviewed if there are indications that the expected consumption has changed significantly compared with the estimate at the previous balance sheet date. As the company changes the assessment of useful lives are reviewed including asset any residual value. The effect of these changes are accounted for prospectively.

Impairment of tangible assets

At each balance sheet the company analyzes the carrying values of tangible fixed assets and intangible assets to determine whether there is any indication that those assets have declined in value. If so, the assets recoverable amount in order to determine the value of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is the price that the company expects to obtain in a sale between knowledgeable, independent parties and who have an interest in the transaction, less the costs that are directly attributable to the sale. The calculation of value in use discounted estimated future cash flows to present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks associated with the asset. To calculate the future cash flows, the company used the budget and forecasts for the next five years.

If the recoverable amount of an asset (or cash-generating unit) is fixed at a value lower than the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately expensed in the income statement.

At each balance sheet date, the company makes an assessment of the earlier impairment is no longer justified. If so, it is reversed partially or completely. Where an impairment loss subsequently reverses, increase the asset (cash-generating unit) carrying value. The carrying value after reversal of impairment loss shall not exceed the carrying amount that would be determined if no impairment loss been recognized by the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits at banks and other credit institutions and other short-term highly liquid investments that are readily convertible into cash and are subject to an insignificant risk of changes in value. To be classified as cash and cash equivalents duration may not exceed three months from the date of acquisition.

Cash Flow Statement

The cash flow statement shows the company's changes in the company's cash and cash equivalents during the financial year. The cash flow statement has been prepared using the indirect method. The reported cash flow includes only transactions that involve receipts and disbursements.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In order to prepare annual accounts in accordance K3 requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, income and expenses. These estimates are based on historical experience and other factors deemed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions exist. Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period the change is made if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods. No estimates have been made that may have a significant effect on the amounts recognized in the financial statements. No assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date have been made that involve a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 NET SALES BY BUSINESS SEGMENT AND GEOGRAPHIC MARKET

Net sales by geographic market

	2017-04-01-2018-03-31	2016-04-01-2017-03-31
Nordic countries	**3 007 824 041**	2 568 632 958
Europe, excluding the Nordic countries	**20 492 528**	11 985 314
USA	**1 509 455**	1 718 435
India	**449 724**	1 801 607
Total	**3 030 275 748**	2 584 138 314

4 OPERATIONAL LEASING - LESSEE

	2017-04-01-2018-03-31	2016-04-01-2017-03-31
Future minimum leasing fees with respect to non-redeemable operational leasing agreement:		
Within one year	**5 771 365**	4 779 235
Between one and five years	**12 061 318**	15 930 884
	17 832 683	20 710 119
The financial year's expensed leasing fees	**5 466 699**	5 067 131

Of the lease payments represent 4 976 568 SEK rents for offices. The two leases run until December 31st of 2021 and includes an option to extend and index clause.

Notes forming part of the Financial Statements

5 REMUNERATION TO, AND EXPENSES OF, AUDITORS

	2017-04-01-2018-03-31	2016-04-01-2017-03-31
Grant Thornton		
Audit assignments	-	347 500
KPMG		
Audit assignments	212 500	-

6 EMPLOYEES AND PERSONNEL COSTS

Average number of employees

	2017-04-01-2018-03-31	2016-04-01-2017-03-31
Men	55	66
Women	29	19
	84	85

Salaries, other remuneration and social costs

	2017-04-01-2018-03-31	2016-04-01-2017-03-31
Salaries and other remuneration		
Board of Directors	-3 331 908	-2 931 069
Other employees	-72 220 380	-68 409 870
	-75 552 288	-71 340 939
Social costs	-29 659 697	-28 803 481
(of which pension expenses) 1)	-9 301 492	-9 570 871

1) Of the company's pension costs -1 908 614 SEK (-1 944 153 SEK) relates to management.

7 INTEREST PAID AND DIVIDENDS RECEIVED

	2017-04-01-2018-03-31	2016-04-01-2017-03-31
Interest received	347 796	106 568

8 TAX ON ANNUAL PROFIT

	2017-04-01-2018-03-31	2016-04-01-2017-03-31
Current tax expense	-39 775 470	-36 742 113
Adjustment of previous year's tax expense	-1 862 937	-
	-41 638 407	-36 742 113

Reconciliation of effective tax

	2017-04-01-2018-03-31	2016-04-01-2017-03-31
Result before tax	175 645 768	161 416 594
Tax according to applicable tax rate for parent company	-38 642 069	-35 511 651
Non-deductible expenses	-1 003 563	-1 236 575
Non-taxable income	6 286	56 739
Tax on standard income tax allocation	-136 124	-50 626
Reported effective tax	-39 775 470	-36 742 113
Effective tax rate	22,6%	22,8%
Current tax rate	22%	22%

9 EQUIPMENT, TOOLS AND INSTALLATIONS

	2018-03-31	2017-03-31
Accumulated cost of acquisitions		
- At beginning of year	**53 008 734**	15 481 873
- New acquisitions	**8 073 559**	37 526 861
	61 082 293	53 008 734
Accumulated depreciation		
- At beginning of year	**-17 937 150**	-9 173 228
-Depreciation for the year	**-11 849 837**	-8 763 922
	-29 786 987	-17 937 150
Carrying amount at year-end	**31 295 306**	35 071 584

10 OTHER LONG-TERM RECEIVABLES

	2018-03-31	2017-03-31
Accumulated acquisition costs:		
- At beginning of year	**22 986 331**	13 006 627
- Additional receivables	**15 642 285**	12 695 354
- Settled receivables	**-17 570 354**	-2 715 650
Carrying amount at year-end	**21 058 262**	22 986 331

11 RECEIVABLES FROM GROUP COMPANIES

	2018-03-31	2017-03-31
TATA Consultancy Services Germany	**697 770**	-
Tata Consultancy Services Switzerland Ltd	**853 894**	92 728
Tata Consultancy Services France	**462 825**	-
Tata Consultancy Services Limited Belgium S.A./N.V.	**1 028 257**	-
TATA Consultancy Services Italy	**145 056**	-
Tata Consultancy Services Osterreich GmbH	**13 367**	-
Tata Consultancy Services Portugal, Unipessoal Lda	**16 698**	-
Tata Consultancy Services Luxembourg S.A.	**78 278**	-
Tata Consultancy Services de Espana	**134 550**	-
Total	**3 430 695**	92 728

12 RECEIVABLES DUE FROM CUSTOMERS

	2018-03-31	2017-03-31
Accrued income	**616 095 914**	770 012 303
Invoiced Amount	**(513 017 625)**	(619 872 394)
	103 078 289	150 139 909

Amounts deposited by the customer, which have been invoiced according to the agreed plan and which the client contains according to the terms of the contract until all of the terms stated in the contract have been fulfilled or incorrectly corrected amounts to 0 (0).

Notes forming part of the Financial Statements

13 PREPAYMENTS AND ACCRUED INCOME

	2018-03-31	2017-03-31
Prepaid rent	**-**	1 147 908
Prepayment Supplier	**5 415 977**	4 334 023
Others	**23 726 843**	19 927 777
	29 142 820	25 409 708

14 EQUITY

Share capital 1000 shares with a share value of 100 SEK.

15 PROPOSED ALLOCATION OF COMPANY PROFIT OR LOSS

	Amounts in SEK
Profit brought forward from previous years	287 543 092
Profit for the year	134 007 361
Sum	421 550 453
The board proposes that	
the following be carried forward	421 550 453
Total	421 550 453

16 TAX ALLOCATION RESERVE

	2018-03-31	2017-03-31
Tax allocation reserve, allocation for tax year 2012	**-**	21 097 969
Tax allocation reserve, allocation for tax year 2013	**13 553 026**	13 553 026
Tax allocation reserve, allocation for tax year 2014	**21 036 648**	21 036 648
Tax allocation reserve, allocation for tax year 2015	**31 525 641**	31 525 641
Tax allocation reserve, dedicating tax year 2016	**33 902 786**	33 902 786
Tax allocation reserve, dedicating tax year 2017	**55 669 869**	55 669 869
Tax allocation reserve, dedicating tax year 2018	**60 265 863**	-
	215 953 833	176 785 939

17 SHORT-TERM LIABILITIES

	2018-03-31	2017-03-31
Tata Sons	**7 510 359**	6 391 197
TATA Consultancy Services India	**373 996 883**	351 257 506
TATA Consultancy Services America	**1 350 760**	357 408
TATA Brasil Ltd	**584 658**	954 050
TATA Consultancy Services Germany	**-**	1 644 681
TATA Consultancy Services Italy	**-**	522 701
TATA Consultancy Services China	**673 484**	1 008 962
TATA Consultancy Services Asia Pacific	**287 203**	479 397
TATA Consultancy Services Netherlands	**2 618 673**	2 586 862
TATA Consultancy Services Mexico	**5 362 740**	6 223 172
TCS Canada Inc.	**781 118**	-
TATA Consultancy Services France	**-**	44 461
Total	**393 165 878**	371 470 397

Notes forming part of the Financial Statements

18 LIABILITIES DUE FROM CUSTOMERS

	2018-03-31	2017-03-31
Invoiced amount	**96 907 757**	-
Accrued Income	**(93 237 555)**	-
	3 670 202	-

Amounts deposited by the customer, which have been invoiced according to the agreed plan and which the client contains according to the terms of the contract until all of the terms stated in the contract have been fulfilled or incorrectly corrected amounts to 0 (0)

19 ACCRUALS AND PREPAID INCOME

	2018-03-31	2017-03-31
Bonus and final salaries	**7 495 932**	6 346 358
Other personnel costs	**7 386 201**	6 500 358
Other accrued costs	**38 731 592**	26 222 580
	53 613 725	39 069 296

20 MISCELLANEOUS INFORMATION FOR CASH FLOW ANALYSIS

	2018-03-31	2017-03-31
Adjustments for items not included in cash flow etc.		
Depreciation	**11 849 837**	8 763 922
	11 849 837	8 763 922

21 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	2018-03-31	2017-03-31
Securities pledged		
Securities pledged	**None**	None

22 INFORMATION ABOUT THE GROUP

The company is a wholly-owned affiliate of Tata Consultancy Services Limited org no L22210MH1995PLC084781, with its headquarter in Mumbai, India, is preparing the consolidated financial statement for the group company. Tata Consultancy Services Limited is a publicly listed company on the National Stock Exchange of India Limited and BSE Limited in India. Tata Consultancy Services Limited is owned with 71,89% of the shares by the ultimate holding company Tata Sons Limited org no 478, in Mumbai with address; Bombay House, 24, Homi Mody Street, Mumbai 400 001 India which is the headquarter of Tata.

In FY 2017 & FY 2018, 81% (83%) of the total purchases and 1% (1%) of the total sales respectively in SEK was from affiliate companies within the group.

Signatures

Stockholm 2018-.....-.....

Amit Bajaj	Pauroosasp D Karkaria	Ajoyendra Mukherjee	Pradeep Manohar Gaitonde
Boardmember	*Chairman of the board*	*Boardmember*	*Boardmember*

Our Audit Report was presented on 2018-.....-.....

KPMG AB

Stefan Älgne

Authorized auditor

Tata Consultancy Services Netherlands B.V.
Amsterdam

ANNUAL REPORT AND
FINANCIAL STATEMENTS

For the year ended
31 March 2018

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

MANAGEMENT BOARD'S REPORT

Management of the Company hereby presents its management report for the financial year ended on 31 March 2018.

General information

Tata Consultancy Services Netherlands B.V. ("The Company") is an IT services, consulting and business solutions organization offering transformational as well as outsourcing services to its customers. The Company has a global presence, with deep domain expertise in multiple industry verticals and a rich portfolio of services consisting of consulting and service integration, digital transformation services, and cognitive business operations targeting every C-suite stakeholder. The Company uses all these, including its industry-leading suite of products and platforms to deliver high quality, high impact solutions leveraging the latest technologies to its customers.

The Company services various customers in the field of Communication, Media and Technology, Banking, Financial Services & Insurance, Energy, Resources and Utilities, Manufacturing and others. The Company's business has grown significantly due to the increase in revenues from the existing customers and by acquiring new customers.

Legal Structure

The Company is a wholly-owned subsidiary of Tata Consultancy Services Limited, Mumbai, India ('Parent Company'). The Company has the following subsidiaries: Tata Consultancy Services Italia S.r.l., Tata Consultancy Services Luxembourg S.A, Tata Consultancy Services Switzerland Ltd., TCS France S.A., Tata Consultancy Services Österreich GmbH, Tata Consultancy Services Danmark ApS, Tata Consultancy Services De España S.A.U., Tata Consultancy Service Portugal Unipessoal Lda, and Tata Consultancy Services Saudi Arabia. TCS Group includes the Company and its subsidiaries.

Change in Board of Directors

There were no changes in the Board of Directors during the financial year 2017-18.

Financial information

Turnover and results achieved

The turnover and net result for the year ended 31 March 2018 in thousands of euros is 458,029 (347,031 in FY 17) and 88,729 (45,476 in FY 17) respectively resulting in a growth of more than 32 percent in turnover and more than 95 percent in net result.

Financial position as at balance sheet date.

- The net equity of the Company has improved from 271,086 thousands of euros in FY 17 to 314,815 thousands of euros in FY 18.
- The Company continued to have a comfortable liquidity position with its Cash and cash equivalents at 19,742 thousands of euros as on 31 March 2018 which represents more than 21 percent of its working capital.
- The Company has not availed of any loan or credit facility during the financial year ending 31 March 2018 and has a zero debt position as of the balance sheet date.
- The average Days Sales Outstanding ratio of the Company has remained consistent at 91 days.

The average number of employees employed by the Company in financial year was 1,859 people (2016-17: 1,492 people)

Risk Management

The Company has no financial instruments other than cash and short term deposits and various other assets and liabilities such as trade receivables and trade payables which arise directly from its business operations. Refer to Note 8 to the financial statements on Financial Instruments for the details.

Significant risks and uncertainties

The Company's operations bring in significant complexities for which a robust enterprise risk and compliance management framework and process has been established. The Company's enterprise risk management programme ('ERM') comprises of risk identification, assessment and risk mitigation planning for strategic, operations and compliance related risk across business units, functions and geographies. This process is enabled by a digital platform that provides an enterprise-wide view of risks and compliance, which enables the Company to take a more structured approach towards informed decision-making. The Company as well as the unit led deployment of the ERM process is governed by the corporate risk office of the Parent Company.

Key risks are given below:

Global Economic Scenario

Impact on the Company

Corporate spending on technology has shown strong correlation with GDP growth. The company derives portion of its revenues from customers' discretionary spend which is linked to their business outlook. Political disruptions or volatile economic conditions may adversely affect that outlook, resulting in reduced IT spending, which could impact revenue growth opportunities.

Mitigation

- To continue offering broad-based, de-risked business mix, well diversified across industry verticals.
- Offerings and value propositions targeting all stakeholders in the customer organization covering discretionary as well as non-discretionary spends, and relevant at every point in the business cycle.
- Target market segments which might provide counter-cyclical support.

Business Model changes

Impact on the Company

Rapidly evolving technologies are changing related consumption patterns, creating new classes of buyers within the enterprise, giving rise to entirely new business models and therefore new kinds of competition. All of these factors create increased demands on the Company's agility to keep pace with the changing customer expectations. Failure to adapt could result in loss of market share and impact future business growth.

Mitigation

- Continued investments in Digital through large scale reskilling, external hiring, Intellectual Property (IP) development and successful leverage of deep contextual knowledge.
- Focus on Innovation efforts leveraging in-house expertise, alliance partnerships, and launching multiple new services.
- Strategic focus on business and technology needs (Intelligence, Agile, Cloud, and Automation)
- Strong customer-centricity which results in an organization structure that is always aligned to meet the customer needs.

Breach of data privacy and protection / Noncompliance to Global Data Protection Regulation (GDPR)

Impact on the Company

Privacy and protection of personal data is an area of increasing concern globally. Legislations like GDPR in Europe carry severe consequences for non-compliance or breach. Any violation or security breach, observed non-compliance or inadequacy of privacy policies and procedures can result in substantive liabilities, penalties and reputational impact.

Mitigation

- A global Privacy Policy is in place covering all applicable geographies and areas of operations
- A new organizational unit has been set up to ensure compliance to GDPR
- Continued focus on employee related agreements with respect to Personally Identifiable Information (PII) and Sensitive Personal Data and Information (SPDI)
- Data protection controls are a part of the engagement security management process
- Robust risk response mechanisms are in place to cater to protection of sensitive data in the TCS ecosystem as well protection of such data in Client-managed networks in Offshore/ Global Delivery Centers
- Sensitive and complex engagements leverage industry standard practice of data masking technologies to protect PII and SPDI
- Combination of enterprise-wide online training, educational tools, social media and other awareness initiatives regarding data privacy and protection and GDPR to foster a culture of awareness and responsibility among its employees
- Data Protection Impact Assessments of all applications / processes both within TCS enterprise systems and outside
- Enhancement of vendor contracts
- Formal Data Transfer Agreements for explicit agreements on data sharing
- Embedding privacy by design in our systems to secure personal data

Cyber Attack

Impact on the Company

Risks of cyber-attacks are forever a threat because of the fast evolving nature of the threat. In addition to impact on business operations, a security breach could result in reputational damage, penalties and legal and financial liabilities.

Mitigation

- Investments in automated prevention and detection solutions
- Continued reinforcement of stringent security policies & procedures
- Collaboration with Computer Emergency Response Team (CERT) and other private Cyber Intelligence agencies, and enhanced awareness of emerging cyber threats
- Enterprise-wide training and awareness programs on Information Security
- Periodic rigorous testing to validate effectiveness of controls through Vulnerability Assessment and Penetration Testing
- Internal and external audits

Non-compliance to complex and changing global regulations

Impact on the Company

The Company has to comply with laws across multiple jurisdictions, covering areas such as Employment & Immigration, Taxation, Foreign Exchange & Export Controls, Health Safety and Environment (HSE) regulations, Anti-Corruption laws, Data Privacy requirements etc. Failure to comply could result in penalties and reputational damage.

Mitigation

- A comprehensive global compliance management framework has been deployed across the Company
- Global regulatory compliance certification is fully digitized and covers compliance across all the locations of the Company
- To bring in further refinements in managing compliance, a transformation program to enable tracking of the changes to applicable regulations globally across various jurisdictions and functional areas, in a sustainable manner has been launched

Research and development information

The company incurs research and development expenditure as a part of providing services to its customers in line with the previous years.

Information concerning application of code of conduct

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees. The Code of Conduct is available on the parent company's website. (https://on.tcs.com/2HSlMQU)

Information on unbalanced male/female ratio in board of management and supervisory board

The Company's board ratio of women and men comprises 100 percent men.

The Company is a part of a multinational group which has significant operations worldwide. As part of its ongoing efforts to promote talent diversity the Company encourages recruitment of talent with diverse educational, cultural and national background. Global gender diversity of the group shows that women comprise more than 35 percent of its employees. up from 30 percent in the previous year. The Parent Company's Board of Directors as on 31 March 2018 has Ms Aarthi Subramanian as its director.

Elevation to the board of the Company depends on the requirements, an individual's skill set and experience required to carry out the board functions and the availability of such an individual to assume such responsibilities. The Company through its regular leadership development programs continuously helps employees to build their capabilities for higher roles.

Outlook

As a part of its investments, the Company has an option to acquire the remaining 24 percent of share in its subsidiary, Tata Consultancy Services Saudi Arabia.

The Company expects customers to continue investing in digital as part of their Business 4.0 journeys. The broad theme of revamping the core is expected to result in larger digital projects and significant transformational engagements.

Solutions encompassing advanced analytics, Internet of Things, APIfication, Blockchain technology, drones and cybersecurity are expected to gain more traction. The focus will be on delivering superior customer experiences which is expected to result in greater demand for digital marketing, design, human machine interaction and virtual/augmented reality. Additionally, there is expected to be greater adoption of Agile/DevOps. At the same time, cloud adoption, automation and simplification will continue to be key initiatives towards greater back office efficiency.

The Company's human resources strategy is focused on reskilling and transforming its global, diverse workforce while providing a stimulating environment which is flexible, nurtures social contract, fosters innovation, builds a result-oriented, high performance culture. The Company has been leveraging digital technologies extensively to reimagine its talent acquisition, development and engagement functions.

The Company is currently equity financed and will continue to evaluate and use the optimum financing models to meet its requirements.

Amsterdam, 18 May 2018

Directors :

Mr. P.D.Karkaria Mr. A.Mukherjee Mr. P.M.Gaitonde

Balance sheet as at 31 March

Before profit appropriation

EUR '000

	Note	2018	2017*
Fixed assets			
Tangible fixed assets	1	**281**	2,195
Financial fixed assets	2	**221,484**	193,484
		221,765	195,679
Current assets			
Accounts receivable and other receivables	3	**141,606**	104,351
Cash and cash equivalents	4	**19,742**	28,639
		161,348	132,990
		383,113	328,669
Shareholder's equity	5		
Share capital paid up and called up		**66,000**	66,000
Retained earnings		**160,086**	159,610
Result for the year		**88,729**	45,476
		314,815	271,086
Current liabilities	7	**68,298**	57,583
		383,113	328,669

The notes on pages 13.8 to 13.24 are an integral part of these company financial statements.

* Adjusted for due to accounting policy change, refer to note 6.

Profit and loss account for the year ended 31 March

EUR '000

	Note	2018	2017*
Net turnover	10	**458,029**	347,031
Other operating income		**396**	14
		458,425	347,045
Total operating income			
Cost of outsourced services and other external costs		**216,415**	149,980
Wages and salaries	11	**111,422**	90,221
Social security and pension charges	12	**2,865**	1,617
Depreciation on tangible fixed assets	13	**1,593**	1,333
Other operating expenses	14	**50,205**	45,061
Total operating expenses		**382,500**	288,212
Operating result		**75,925**	58,833
Interest income and similar income	15	**35,062**	1,908
Interest expenses and similar charges	16	**(4,189)**	(37)
		30,873	1,871
Result before tax		**106,798**	60,704
Tax on result	17	**18,069**	15,228
Net result		**88,729**	45,476

The notes on pages 13.8 to 13.24 are an integral part of these company financial statements.
* Adjusted for due to accounting policy change, refer to note 6.

Notes forming part of the Financial Statement

GENERAL

REPORTING ENTITY AND RELATIONSHIP WITH PARENT COMPANY (COMPANIES)

Tata Consultancy Services Netherlands B.V., ('the Company'), having its legal address in Symphony Towers, 20th and 21st floor, Gustav Mahlerplein 85-91, 1082 MS, Amsterdam, The Netherlands, is a private limited liability company under Dutch law and is registered as a financial holding under number 33237130 in the Trade Register.

The Company is a wholly-owned subsidiary of Tata Consultancy Services Limited ("Parent Company"), Mumbai, India. The financial information of the Company is included in the consolidated financial statements of the Parent Company. The consolidated financial statements can be obtained at the website of the Parent Company, at the Investors page at www.tcs.com, or at cost at the office of the Company.

The Company and its subsidiaries provide consulting-led integrated portfolio of information technology (IT) and IT-enabled services delivered through a network of locations around the globe. The Company's full services portfolio consists of Application Development, Assurance Services, Business Intelligence and Performance Management, Business Process Services, Engineering and Industrial Services, Enterprise Security and Risk Management, Enterprise Solutions, IT Infrastructure Services etc.

FINANCIAL REPORTING PERIOD

These financial statements cover the 12 months period, which ended at the balance sheet date of 31 March 2018.

BASIS OF PREPARATION

The standalone financial statements have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

The accounting policies applied for measurement of assets and liabilities and determination of results are based on the historical cost convention, unless otherwise stated in the further accounting principles.

GOING CONCERN

The financial statements of the Company have been prepared on the basis of the going concern assumption.

ACCOUNTING POLICIES FOR THE MEASUREMENT OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT

GENERAL

Assets and liabilities are measured at nominal value, unless otherwise stated in the further principles.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Company. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken in to account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction.

If assets are recognised of which the Company does not have the legal ownership, this fact is being disclosed.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises, of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises, of which the size can be measured with sufficient reliability.

Revenues and expenses are allocated to the respective period to which they relate. Revenues are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in euros ('EUR'), which is the Company's functional currency. All amounts have been rounded to the nearest thousand.

USE OF ESTIMATES

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting principles 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 estimates are recognised prospectively.

The following accounting policies are in the opinion of management the most critical in preparing these financial statements and require judgements, estimates and assumptions:

- The Company tests annually whether financial and non-financial assets, including investments in subsidiaries carried at historical cost, have suffered any impairment, in accordance with the accounting policy stated in these notes ;
- The Company uses the percentage of completion method in accounting for certain revenue contracts. The use of the percentage of completion method requires the Company to estimate the stage of completion to date as a proportion of the total work to be performed.

PRINCIPLES FOR THE TRANSLATION OF FOREIGN CURRENCIES

Transactions in foreign currencies

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 statement of financial position. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currency that are measured based on historical cost, are translated into the functional currency at the exchange rates at the date of the transactions.

CHANGES IN ACCOUNTING POLICY

Change in accounting policy with respect to investments in subsidiaries

Until 1 April 2017, investments in subsidiaries were measured at net asset value (investment value is equal to the net equity value of the subsidiary) or lower market value. The Company has changed the valuation basis of its investments in subsidiaries from the net equity value method to the historical cost method as from 1 April 2017.

This change in accounting policy is on account of the Company taking the benefit of Article 2:408 on the exemption of preparing consolidated financial statements by fulfilling the conditions namely,

- Filing the consolidated financial statements of its Parent Company, prepared under International Financial Reporting Standards (IFRS) as issued by International Accounting Standard Board (IASB) with the Dutch Chamber of Commerce.
- Filing the unconsolidated financial statement of the Company prepared as per Dutch GAAP with Dutch Chamber of Commerce.

This change is treated as a change in accounting policy. Consequently there is an increase in equity by EUR 145.0 million as at 1 April 2017 and an increase in equity by EUR 152.5 million as at 1 April 2016.

Kindly refer to note 6 for details.

FINANCIAL INSTRUMENTS

These financial statements includes the following financial instruments mainly: trade and other receivables, cash items, trade payables and other amounts payable.

Notes forming part of the Financial Statement

Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate.

Financial instrument is derecognised as and when the contractual risk and reward with respect to that financial instrument is realised in the normal course of business.

Financial instruments (and individual components of financial instruments) are presented in the unconsolidated financial statements in accordance with the economic substance of the contractual terms. Presentation of the financial instruments is based on the individual components of financial instruments as a financial asset or financial liability. After initial recognition, financial instruments are valued in the manner described below.

Financial instruments held for trading

Financial instruments (assets and liabilities) held for trading are carried at fair value and changes in the fair value are directly recognised in the profit and loss account. In the first period of recognition, attributable transaction costs are charged directly to the profit and loss account. Purchases and sales of financial assets that belong to the category held for trading are accounted for at the transaction date.

Other receivables

Financial instruments in this category consisting of other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the profit and loss account.

Non-current and current liabilities

Non-current and current liabilities are measured after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the profit and loss account.

Impairment of financial assets

The carrying amount of receivables is reduced by an allowance for doubtful debts. Receivables that appear to be irrecoverable are written off against the allowance. Other additions to and withdrawals from the allowance are recognised in the profit and loss account. Allowances for doubtful accounts is provided as per documented policy of the Company. As per this policy, assessment of allowance towards doubtful receivables is done on the basis of an ageing matrix and external factors that indicates any event of the client's financial condition resulting in the probable impairment of the receivable.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

Offsetting financial instruments

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously.

If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

TANGIBLE FIXED ASSETS

Tangible fixed assets are recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of that asset can be measured reliably.

Other fixed operating assets, tangible fixed assets under construction and prepayments on tangible fixed assets are measured at cost, less accumulated depreciation and impairment losses.

The cost comprises the price of acquisition or manufacture, plus other costs that are necessary to get the assets to their location and condition for their intended use. Expenditure is only capitalised when it extends the useful life of the asset.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment.

The following rates of depreciation are applied:

- Office equipment 20 -25 %

The Company determines the depreciable amount on the straight line method taking into account a residual value.

Assets retired from active use are measured at the lower of book value or net realisable value.

FINANCIAL FIXED ASSETS

Participating interests with significant influence

In accordance with the provisions of 2:408 DCC, participating interests where significant influence can be exercised over the business and financial policies are valued at historical cost. In assessing whether the Company has significant influence over the business and financial policies of a participating interest, all facts and circumstances and contractual relationships, including potential voting rights, are taken into account.

Participating interests with a negative net asset value are valued at nil, unless expected future cashflows indicate that the net net asset value is temporary and will be recovered in the foreseeable future. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised in the profit and loss account of the Company, if dividends are declared by the respective entities.

If the Company fully or partially guarantees the debts of the relevant participating interest, and the Company does not expect the entity will be able to recover the negative net equity in the foreseeable future or if the Company has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

Other financial fixed assets

Receivables from non-consolidated participating interests are initially measured at fair value plus directly attributable transaction costs. Subsequently, these receivables are measured at amortised cost using the effective interest method, less impairment losses.

The further accounting policies for other financial fixed assets are included under the heading 'Financial instruments'.

Dividends are accounted for in the period in which they are declared. Dividends from participating interests that are carried at cost, are recognised as income from participating interests (under financial income) in the period in which the dividends become payable.

IMPAIRMENTS OF FIXED ASSETS

Tangible, and financial fixed assets are assessed at each reporting date whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of value in use and net realisable value. If it is not possible to assess the recoverable amount for an individual asset, the recoverable amount is assessed for the cash-generating unit to which the asset belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount.

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous years has been decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash- generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash-generating unit).

DISPOSAL OF FIXED ASSETS

Fixed assets available for sale are measured at the lower of their carrying amount and net realisable value.

Notes forming part of the Financial Statement

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement.

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

Cash and cash equivalents that are not readily available to the Company within 12 months are presented under financial fixed assets.

SHAREHOLDERS' EQUITY

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

PROVISIONS

General

A provision is recognised if the following applies:

- the Company has a legal or constructive obligation, arising from a past event; and
- the amount can be estimated reliably;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Rights and obligations resulting from contracts under which neither party has performed any of its obligations or both parties have partially performed their obligations to an equal extent, are not recognised. Recognition occurs when the consideration to be received is not (or no longer) in balance with the performance obligation of the Company and this imbalance has adverse effects for the Company.

If all or part of the payments that are necessary to settle a provision are likely to be fully or partially compensated by a third party upon settlement of the provision, then the compensation amount is presented separately as an asset.

Provisions are measured at the nominal value of the best estimate of the expenditures that are expected to be required to settle the liabilities and losses.

Provision for claims, disputes and lawsuits

A provision for claims, disputes and lawsuits is established when it is expected that the Company will be sentenced in legal proceedings. The provision represents the best estimate of the amount for which the claim can be settled, including the costs of litigation.

Provision for onerous contracts

The provision for onerous contracts represents the negative difference between the expected benefits from services to be received by the Company after the balance sheet date under a contract and the unavoidable costs to meet the contractual obligations. The unavoidable costs are the minimal costs that must be incurred in order to meet the terms of the contract, being the lower of the costs to meet the obligations and the compensation or penalties associated with failure to meet the obligations.

NON-CURRENT LIABILITIES

The valuation of non-current liabilities is explained under the heading 'Financial instruments'.

CURRENT LIABILITIES

The valuation of current liabilities is explained under the heading 'Financial instruments'.

Notes forming part of the Financial Statement

REVENUE RECOGNITION

Rendering of services

Revenue from services rendered is accounted for in net turnover at the fair value of the consideration received or receivable, net of allowances and rebates.

Revenues from services rendered are recognised in the profit and loss account when the amount of the revenue can be determined reliably, collection of the related compensation to be received is probable, the extent to which the services have been performed on the balance sheet date can be determined reliably, and the costs already incurred and (possibly) yet to be incurred to complete the service can be determined reliably.

If the result from a specific service contract cannot be determined reliably, then revenues are recognised up to the amount of the service costs that are covered by the revenues.

Revenues from services rendered are recognised in the profit and loss account in proportion to the stage of completion of the transaction as at the reporting date. The stage of completion is assessed by reference to assessments of the work performed / the services performed up to that moment as a percentage of the total services to be performed / the costs incurred up to that moment in proportion to the total estimated costs of the services to be performed.

COSTS OF OUTSOURCED SERVICES AND OTHER EXTERNAL COSTS

This includes costs incurred in order to generate operating income, insofar as these costs have been charged by third parties and are not to be regarded as costs of raw materials and consumables, namely work outsourced to the Parent Company or other group companies.

EMPLOYEE BENEFITS/PENSIONS

Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the Company.

For benefits with accumulating rights, sabbatical leave, profit-sharing and bonuses the projected costs are taken into account during the employment. An expected payment resulting from profit-sharing and bonus payments is recognised if the obligation for that payment has arisen on or before the balance sheet date and a reliable estimate of the liabilities can be made.

If a benefit is paid in case of non-accumulating rights (e.g., continued payment in case of sickness or disability), the projected costs are recognised in the period in which such benefit is payable. For existing commitments at the balance sheet date to continue the payment of benefits (including termination benefits) to employees who are expected to be unable to perform work wholly or partly due to sickness or disability in the future, a provision is recognised.

The recognised liability relates to the best estimate of the expenditure necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the profit and loss account.

For disability risks that are insured, a provision is recognised for the part of the insurance premiums payable in the future that is directly attributable to the individual claims record of the Company. If no reliable estimate can be made of the part of the insurance premiums payable in the future that is directly attributable to the individual claims record of the entity to be paid in the future, no provision is recognised.

Dutch pension plans

Basic principle is that the pension charge to be recognised for the reporting period is equal to the pension contributions payable to the pension provider over the period. In so far as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid at balance sheet date exceed the payable contributions, a receivable is recognised to account for any repayment by the fund or settlement with contributions payable in future.

In addition, a provision is included as at balance sheet date for existing additional commitments to the fund and the employees, provided that it is probable that there will be an outflow of funds for the settlement of the commitments and it is possible to reliably estimate the amount of the commitments. The existence or non-existence of additional commitments is assessed on the basis of the administration agreement concluded with the fund, the pension agreement with the employees and other

Notes forming part of the Financial Statement

(explicit or implicit) commitments to the employees. The provision is measured at the best estimate of the present value of the anticipated costs of settling the commitments as at balance sheet date. The pre-tax discount rate reflects the market interest rate at the balance sheet date of high quality corporate bonds / yield on government bonds. Risks that have already been taken into account in estimating future expenditure are not included in the discount rate.

For any surplus at the pension provider as at balance sheet date, a receivable is recognised if the Company has the power to withdraw this surplus, if it is likely that the surplus will flow to the Company and if the receivable can be reliably determined.

LEASING

The Company may enter into finance and operating leases. A lease agreement under which the risks and rewards of ownership of the leased object are carried entirely or almost entirely by the lessee are classified as finance leases. All other leases are classified as operating leases. For the lease classification, the economic substance of the transaction is conclusive rather than the legal form.

At inception of an arrangement, the Company assesses whether the lease classifies as a finance or operating lease.

Finance leases

If the Company acts as a lessee in a finance lease, at the inception of the lease the leased asset (and the related obligation) is accounted for in the balance sheet at fair value of the leased property or, if lower, the present value of the minimum lease payments. Both values are determined at the time of entering into the lease agreement. The interest rate used in calculating the present value is the interest rate implicit in the lease. If it is not practically possible to determine this interest rate, then the marginal interest rate is used. The initial direct costs are included in the initial measurement of the leased property.

The accounting principles for the subsequent measurement of the leased property are described under the heading 'Tangible fixed assets'. If there is no reasonable certainty that the Company will obtain ownership of a leased property at the end of the lease term, the property is depreciated over the shorter of the lease term and the useful life of the property.

The minimum lease payments are split into interest expense and redemption of the lease liability. The interest charges during the lease term are allocated to each period as such that its results in a constant periodic interest rate over the remaining net liability with regard to the finance lease. Conditional lease payments are recognised as an expense in the period that the conditions of payment are met.

Operating leases

If the Company acts as lessee in an operating lease, the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expense over the lease term. Lease payments and benefits regarding operating leases are recognised to the profit and loss account on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

INTEREST INCOME AND SIMILAR INCOME AND INTEREST EXPENSES AND SIMILAR CHARGES

Interest income is recognised in the profit and loss account on an accrual basis, using the effective interest rate method. Interest expenses and similar charges are recognised in the period to which they belong.

CORPORATE INCOME TAX

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

If the carrying amount of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences.

For taxable temporary differences, if any, a provision for deferred tax liabilities is recognised.

For deductible temporary differences, if any, available tax losses and unused tax credits, a deferred tax asset is recognised, but only to the extent that it is probable that future taxable profits will be available for set-off or compensation. 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 realised.

The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Company expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

CASH FLOW STATEMENT

In accordance with the provisions of Dutch Accounting Standard RJ 360.103 the Company does not prepare a cash flow statement as a cash flow statement is included in the consolidated financial statements of the ultimate Parent Company, which can be obtained at the website of the Parent Company, at the investors page at www.tcs.com.

DETERMINATION OF FAIR VALUE

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.

RELATED PARTIES

Transactions with related parties (refer to note 18 for the identified related parties) are disclosed if they have not been entered into at arm's length. Disclosed are the nature and amounts involved with such transactions, and other information that is deemed necessary for an insight into the transactions.

SUBSEQUENT EVENTS

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

1. TANGIBLE FIXED ASSETS

Movements in tangible fixed assets were as follows:

EUR '000

	Office equipments
Balance as at 1 April 2017:	
• Purchase price	5,185
• Accumulated depreciation and impairment	2,990
Carrying amount	2,195
Changes in carrying amount:	
• Investments	**176**
• Disposals	**497**
• Depreciation	**1,593**
Balance	**281**
Balance as at 31 March 2018:	
• Purchase price	**4,864**
• Accumulated depreciation and impairment	**4,583**
Carrying amount	**281**

Notes forming part of the Financial Statement

2. FINANCIAL FIXED ASSETS

Movement in financial fixed assets were as follows:

EUR '000

	Participating interests	Loans	Total
Balance as at 1 April 2017:			
Cost price	193,484	-	193,484
Carrying amount	193,484	-	193,484
Changes in carrying amount:			
Acquisitions of participating interests	**-**	**-**	**-**
Newly granted loans	**-**	**28,000**	**28,000**
Balance as at 31 March 2018	**193,484**	**28,000**	**221,484**

Participating Interests

Participating interest in Tata Consultancy Services France S.A. has a negative net asset value but is not down valued to nil, because the entity is believed to be able to recover from its negative net equity in the foreseeable future. The recoverable amount of participating interest in Tata Consultancy Services France S.A. was estimated based on both its net realisable value and its value in use. Based on the assessment in 2017-18, the recoverable amount of participating interest was determined to be in excess of its historical cost, consequentially no impairment loss was recognised in the profit and loss account.

The group has the following participating interests (in EUR'000):

EUR '000

Name	Registered office	Historical cost
Tata Consultancy Services France S.A. (formerly known as Alti S.A.)	France	103,969
Tata Consultancy Services Switzerland Ltd (formerly known as TKS Technosoft SA)	Switzerland	63,648
Tata Consultancy Services de España, S.A.	Spain	17,000
Tata Consultancy Services Luxembourg S.A.	Capellen (G.D. de Luxembourg)	5,599
Tata Consultancy Services Italia S.r.l.	Italy	2,200
Tata Consultancy Services Saudi Arabia	Saudi Arabia	898
Tata Consultancy Services Danmark ApS	Denmark	135
Tata Consultancy Services Österreich GmbH	Austria	35
Balance		**193,484**

Loans to participating interests

Loans to participating interests relate to a loan that has been issued to participating interest Tata Consultancy Services France S.A. (formerly known as Alti S.A.) with a principal amount of EUR 30 million with a term of one year from 28 December 2017. The loan would be auto-renewable for similar terms, unless terminated one month before the tenure of the aforesaid agreement. This loan bears interest at the maximum deductible interest rate in accordance with the provisions of the France General Tax Code. The loan account has year-end balance of EUR 28 million.

Notes forming part of the Financial Statement

3. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

EUR '000

	2018		2017	
	Total	**Maturity > 1 year**	Total	Maturity > 1 year
Trade receivables	**101,386**	**-**	80,896	-
Due by group companies	**14,057**	**-**	7,107	-
Unbilled revenue	**22,208**	**2,338**	10,970	-
Company tax receivable	**13**	**-**	610	-
Other receivables	**3,942**	**-**	4,768	-
	141,606	**2,338**	104,351	-

In trade receivables, no amount is included with a maturity longer than 1 year. All other receivables have an estimated maturity shorter than one year, except as disclosed above.

The carrying values of the recognised receivables approximate their respective fair values, given the short maturities of the positions and the fact that allowances for doubtful debts have been recognised, if necessary.

An allowance for doubtful debts recognised earlier, amounting to EUR 26.7 thousand, was reversed during the financial year because a receivable initially considered as irrecoverable has nevertheless been partly collected. During the previous financial year, EUR 33.9 thousand was charged to the profit and loss account as an increase to the allowance for doubtful debts.

Trade receivables

EUR '000

	2018	2017
Amortised cost of outstanding receivables	**101,554**	81,097
Less: Allowance for doubtful debts	**(168)**	(201)
	101,386	80,896

Unbilled revenue

EUR '000

	2018		2017	
	Total	**Maturity > 1 year**	Total	Maturity > 1 year
Unbilled revenue	**22,208**	**2,338**	10,970	-

Other receivables

EUR '000

	2018	2017
Staff loans	**1,913**	1,733
Wage tax and social charges	**-**	1,910
Deposits	**182**	181
Other prepayments and receivables	**1,847**	944
	3,942	4,768

Notes forming part of the Financial Statement

4. CASH AND CASH EQUIVALENTS

EUR '000

	2018	2017
Credit balances on bank accounts	**19,742**	28,639
	19,742	28,639

5. SHAREHOLDERS' EQUITY

EUR '000

	Issued capital	Other reserves	Retained earnings	Unappropriated results	Total
Balance as at 1 April 2016 (previously reported)	66,000	6,355	(14,389)	15,163	73,129
Effect of change in accounting policy (see note 6)	–	(6,355)	158,836	–	152,481
Balance as at 1 April 2016	66,000	–	144,447	15,163	225,610
Changes in financial year 2016-17:					
Appropriation of results	–	–	15,163	(15,163)	–
Result for the current year	–	–	–	45,476	45,476
Balance as at 31 March 2017	66,000	–	159,610	45,476	271,086
Changes in financial year 2017-18:					
Appropriation of results	**–**	**–**	**45,476**	**(45,476)**	**–**
Result for the current year	**–**	**–**	**–**	**88,729**	**88,729**
Dividend paid	**–**	**–**	**(45,000)**	**–**	**(45,000)**
Balance as at 31 March 2018	**66,000**	**–**	**160,086**	**88,729**	**314,815**

Issued capital

The Company's authorised capital, amounting to EUR 66 million (2016-17: EUR 66 million), consists of 66,000 common shares of EUR 1,000 each.

Other reserves – Foreign currency translation reserve

Exchange gains and losses arising from the translation of the functional currency of foreign operations to the reporting currency of the parent are accounted for in this legal reserve. The foreign currency translation legal reserve was transferred to retained earnings as a result of the accounting policy change (refer note on accounting policy change).

Retained earnings

During the financial year 2017-18 a dividend of EUR 45 million was paid out and has been deducted from retained earnings in shareholders' equity.

Unappropriated profit

Appropriation of profit of for the financial year 2016-17

The financial statements for the reporting year 2016-17 have been adopted by the General Meeting on 20 June 2017. The General Meeting has adopted the appropriation of profit as proposed by the Board of Management.

Proposal for profit appropriation for the financial year 2017-18

The Management Board proposes to the General Meeting to appropriate the profit after tax for the financial year 2017-18 to add the amount of EUR 88,729 thousand to retained earnings.

6. ACCOUNTING POLICY CHANGE

EUR '000

	Balance as at 1 April 2016	Impact of the change	Adjusted balance as at 1 April 2016
Goodwill	24,937	(24,937)	–
Participating interests	28,189	138,767	166,956
	53,126	113,830	166,956
Equity			
• Other reserves	6,355	(6,355)	–
• Retained earnings	(14,389)	158,836	144,447
Impact on total equity	(8,034)	152,481	144,447
Provisions	38,651	(38,651)	–
	30,617	113,830	144,447

EUR '000

	Balance as at 31 March 2017	Impact of the change	Adjusted balance as at 31 March 2017
Goodwill	20,010	(20,010)	–
Participating interests	49,473	144,011	193,484
	69,483	124,001	193,484
Equity			
• Other reserves	7,531	(7,531)	–
• Retained earnings	774	158,836	159,610
• Result for the year	51,793	(6,317)	45,476
Impact on total equity	60,098	144,988	205,086
Provisions	20,987	(20,987)	–
	81,085	124,001	205,086

Impact of the accounting policy change

Until 1 April 2017, investments in subsidiaries were measured at net asset value or lower market value. The Company has changed the valuation basis of its investments in subsidiaries from the net equity value method (investment value is equal to the net equity value of the subsidiary) to the historical cost method as from 1 April 2017.

Intangible fixed assets comprising of goodwill and customer relationship are no longer recognised under the cost method. This has resulted in the reduction in intangibles by EUR 20.0 million and EUR 24.9 million as at 31 March 2017 and 1 April 2016 respectively.

Under the equity method of accounting, financial fixed assets were valued at net asset value or lower market value. Under this accounting policy, a provision was formed for participating interests with a negative net equity. Under the cost method of accounting the participating interests are valued at the historical cost price, being the consideration paid for the acquisition of the shares. This has resulted in an increase in financial fixed assets from EUR 49.5 million to EUR 193.5 million as at 31 March 2017 and an increase of EUR 28.2 million to EUR 167.0 million as at 1 April 2016. Similarly the provision for participating interests with a negative net equity was reduced by EUR 21.0 million and EUR 38.7 million as at 31 March 2017 and 1 April 2017 respectively. This includes a temporary financing which was provided to a participating interests in 2016 with a negative equity. Under the equity method of accounting, the temporary financing amount aggregating EUR 6.0 million was taken into the consideration of the provision accounted for in relation to participating interests with a negative equity. The temporary financing was settled during 2016-17.

Under the equity method, the financial statements of subsidiaries were translated into euros. The Balance sheet items were translated at the exchange rate at balance sheet date and the profit and loss account items at the exchange rate at

Notes forming part of the Financial Statement

transaction date. The translation differences that arose was directly deducted from or added to group equity. Under the cost method of accounting this is no longer applicable. This has resulted in decrease in other reserves comprising of foreign currency translation reserve amount by EUR 7.5 million and EUR 6.4 million as at 31 March 2017 and 1 April 2016 respectively.

The impact of the change in accounting policy on shareholders' equity was EUR 145.0 million and EUR 152.5 million at 31 March 2017 and 1 April 2016 respectively. The impact of the change in accounting policy on the 2016-17 result after tax was EUR 6.3 million.

The comparative figures for the year 2016-17 have been adjusted.

8. CURRENT LIABILITIES

EUR '000

	2018	2017
Accounts payable to suppliers and trade creditors	**1,222**	448
Accrued expenses	**8,545**	7,340
Accrued income	**8,629**	2,910
Income tax liability	**1,566**	6,064
Other taxes	**10,070**	8,886
Liability towards customer contracts	**3,596**	2,345
Employee benefit obligations	**4,636**	2,541
Advance received from customers	**89**	101
Accrued Payroll	**2,309**	1,673
Current account group companies	**27,636**	25,275
	68,298	57,583

All accounts payable to suppliers and trade creditors are due within 1 year. All other current liabilities have an estimated maturity shorter than one year.

The carrying values of the recognised current liabilities approximate their respective fair values, given the short maturities of the positions.

Other taxes

EUR '000

	2018	2017
Wage tax	**196**	1,552
Value-added tax	**9,874**	7,334
	10,070	8,886

8. FINANCIAL INSTRUMENTS

General

During the normal course of business, the Company uses various financial instruments that expose it to market, currency, interest, cash flow, credit risk and liquidity risks. To control these risks, the Company has instituted policies and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the Company.

The Company does not use derivatives financial instruments nor trade in financial instruments.

Credit risk

Credit risk arises principally from the loans and receivables presented under financial fixed assets, trade and other receivables and cash. The credit risk of the Company as at 31 March 2018 relates to trade receivables, receivables from group companies and cash and amounts to EUR 101.4 million, EUR 42.1 million and EUR 19.7 million respectively (2017: EUR 80.9 million, EUR 7.1 million and EUR 28.6 million). The amounts due from third parties of EUR 101.4 million (2017: EUR 80.9 million) do not represent a particular concentration of credit risk. Amount due by group companies of EUR 42.1 million (EUR 7.1 million) includes a loan of EUR 28 million to a subsidiary, Tata Consultancy Services France S.A. (2016-17: EUR nil).

Notes forming part of the Financial Statement

The maximum amount of credit risk that the Company incurs is EUR 101.4 million, mainly consisting of Energy & Utilities, BFSI and Hi-Tech Industry Practice. The credit risk is concentrated at 5 counterparties for a total amount of EUR 49.4 million. The highest receivable amounts to EUR 13.9 million. A long standing relationship exists with this counterparty, they have always in time satisfied their obligations to pay.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. About 20.8 percent of revenues (2017: 26.3 percent) is realised through transactions with a single customer. Geographically, on the other hand, there is no concentration of credit risk.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the management; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

More than 85 percent of the Group's customers have been transacting with the Group for several years and no significant impairment loss has been recognised against these customers.

The Company records the amount for impairment provision as per its documented policy in its profit or loss. For the year ended 31 March 2018, the recovery of doubtful debts has resulted in reversals of impairments of EUR 26.7 thousand as against an impairment charge of EUR 33.9 thousand in the previous year ended 31 March 2017.

Interest rate risk and cash-flow risk

The interest rate risk is limited as the Company has no external financing.

Currency risk

The Company is exposed to limited currency risks on sales and purchases and as well as transactions within the Group that are denominated in a currency other than the respective functional currency of the Company, the euro. The currencies in which these transactions primarily are denominated are USD, GBP and CHF.

The Company does not hedge its currency exposure through foreign exchange contracts.

Price risk

The Company is exposed to normal price risks existing in the market place other than the price it realises for its services and uses appropriate mechanisms to obviate any significant adverse impact.

Liquidity risk

The Company has a comfortable liquidity position and regularly monitors its cash flows ensuring sufficient monetary resources to meet financial obligations towards its creditors.

9. OFF-BALANCE SHEET ASSETS AND LIABILITIES

Long-term financial commitments

Long-term unconditional commitments have been entered into in respect of long-term leases and operating leases (including office premises and motor vehicles).

The operating leasing costs are recognised on a straight-line basis in the profit and loss account over the lease period. The remaining term can be specified as follows:

	EUR'000
No more than 1 year	770
Between 1 and 5 years	1,521
Longer than 5 years	-
	2,291

Lease payments that have been recognised as an expense in 2018, amount to EUR 1,079 thousand (2016-17: EUR 1,013 thousand).

Notes forming part of the Financial Statement

The Company has undertaken to provide financial support to one of its participating interest.

The Company has issued a letter of comfort to two customers of its participating interests.

10. NET TURNOVER

The breakdown of net turnover by revenue categories is as follows:

EUR '000

	2018	2017
Rendering of services	**458,029**	347,031
Net turnover	**458,029**	347,031

The breakdown of net turnover by geographical region is as follows:

EUR '000

	2018	2017
Netherlands	**445,189**	332,405
Rest of Europe	**4,779**	9,106
Outside Europe	**8,061**	5,520
Net turnover	**458,029**	347,031

11. WAGES AND SALARIES

Staffing level

During the 2017-18 financial year, the average number of staff employed in the Company, converted into full-time equivalents, amounting to 1,859 people (2016-17: 1,492 people) can be split into activities as follows:

	2018	2017
Projects	**1,734**	1,379
Others	**125**	113
	1,859	1,492

12. SOCIAL SECURITY AND PENSION CHARGES

EUR '000

	2018	2017
Social security charges	**2,111**	980
Pension costs	**754**	637
	2,865	1,617

13. DEPRECIATION ON TANGIBLE FIXED ASSETS

EUR '000

	2018	2017
Office equipments	**1,593**	1,333

Notes forming part of the Financial Statement

14.OTHER OPERATING EXPENSES

EUR '000

	2018	2017
Consultants	**21,034**	18,890
Travel expenses	**4,702**	4,156
Staff welfare expenses	**4,771**	3,838
Communication expenses	**4,465**	5,306
Facility expenses	**666**	696
Bad debts and advances written off	**(27)**	34
Cost of equipment and software licenses	**22**	32
Other expenses	**14,572**	12,109
	50,205	45,061

15.INTEREST INCOME AND SIMILAR INCOME

EUR '000

	2018	2017
Interest on loans to participating interests	**124**	596
Interest on deposits	**100**	8
Dividend income	**34,838**	-
Exchange differences	**-**	1,304
	35,062	1,908

16.INTEREST EXPENSES AND SIMILAR CHARGES

EUR '000

	2018	2017
Suppliers and trade creditors	**23**	37
Exchange differences	**4,166**	-
	4,189	37

17.TAX ON RESULT

The numerical reconciliation between the applicable and the effective tax rate is as follows:

EUR '000

	2018	2017
Result before tax	**106,798**	60,704
Exempt income		
• Dividend received from participating interest	**(34,838)**	-
	71,960	60,704
Other effects:		
• Non-deductible expenses	**342**	263
• Investment allowance	**(11)**	(16)
Taxable result	**72,291**	60,951
Income tax using the applicable tax rate in the Netherlands		
• 20% on EUR 200,000	**40**	40
• 25% on remainder	**18,023**	15,188
Current tax for the year	**18,063**	15,228
Income tax using the applicable tax rate in the Netherlands		
• Adjustment for prior periods	**6**	-
Tax expense	**18,069**	15,228
Effective tax rate	**25.11%**	25.09%

Notes forming part of the Financial Statement

18.TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, shareholders, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged.

There have been no transactions with related parties that were not on a commercial basis.

As part of its ordinary activities, the Company acquires services from group companies in which significant influence can be exercised. Generally, these transactions are conducted on a commercial basis under comparable conditions that apply to transactions with third parties.

The remuneration of the managing and supervisory directors is included in note 19.

19.REMUNERATION OF MANAGING DIRECTORS

The emoluments for managing directors, including pension costs as referred to in Section 2:383(1) of the Netherlands Civil Code, charged in the financial year to the Company and its participating interest amounted to EUR nil (2016-17: EUR nil).

20.AUDITOR'S FEES

The following fees were charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a(1) and (2) of the Netherlands Civil Code.

EUR '000

	2018	2017
Fees paid to the statutory auditor	**35**	168

The fees mentioned for the audit of the financial statements relate to the total fees for the audit of the financial statements 2017-18 (2016-17), irrespective of whether the activities have been performed during the financial year 2017-18 (2016-17).

21.SUBSEQUENT EVENTS

There are no subsequent events post 31 March 2018 which will have material effect on the financial statements.

OTHER INFORMATION

AUDITOR'S REPORT

The auditor's report is set forth on the following page.

Provisions in the Articles of Association governing the appropriation of profit

Article 23: Profit Allocation

1. Of the profit as shown in the profit and loss account, amounts are set aside annually as determined by the general meeting of shareholders.
2. The amounts that remains, is the profit available for distribution, of which the allocation is determined by the general meeting of shareholders.
3. The company may distribute to the shareholders and other titleholders the available profit only in so far as its equity is greater than the paid and called part of its capital increased by the reserves that, either by law or these statutes are to be maintained,
4. Insofar as there is a profit in the company, the management can, when approved by the general meeting of shareholders, decide to pay an interim dividend, subject to what is specified in paragraph 3 of this article.
5. The dividend (including interim dividend in this and the next paragraph included) shall be made payable at the office of the company on the date on which it is determined, unless another place or date is mentioned in that decision.
6. The claim of the shareholder for payment dividend will lapse five years after the dividend became payable.

Further as per the article 23 of the Company's Articles of Association, the profit for the year ended 31 March 2018 is at the disposal of the General Meeting.

INDEPENDENT AUDITOR'S REPORT

TO: THE GENERAL MEETING OF TATA CONSULTING SERVICES NETHERLANDS B.V.

Report on the accompanying company financial statements

Our opinion

We have audited the financial statements for the year ended on 31 March 2018 of Tata Consulting Services Netherlands B.V., based in Amsterdam.

In our opinion the accompanying company financial statements give a true and fair view of the financial position of Tata Consulting Services Netherlands B.V. as at 31 March 2018, and of its result for the year ended on 31 March 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The company financial statements comprise:

1. the balance sheet as at 31 March 2018;
2. the profit and loss account for the year ended on 31 March 2018; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the company financial statements' section of our report.

We are independent of Tata Consulting Services Netherlands B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Report on the other information included in the annual report

In addition to the company financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- management board's report;
- other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;

Based on the following procedures performed, we conclude that the other information:

- is consistent with the company financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the company financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the company financial statements.

The directors are responsible for the preparation of the other information, including the management board's report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the company financial statements

Responsibilities of the directors for the company financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the directors are responsible for such internal control as the directors determine is necessary to enable the preparation of the company financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the company financial statements, the directors are responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the directors should prepare the company financial statements using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so. the directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the company financial statements.

Our responsibilities for the audit of the company financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors 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 the company financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the company financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining 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 errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining 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;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- concluding 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 company 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 ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the company financial statements, including the disclosures; and
- evaluating whether the company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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 findings in internal control that we identify during our audit.

Utrecht, 18 May 2018
KPMG Accountants N.V.
J.G.R. Wilmink RA

TATA CONSULTANCY SERVICES IBEROAMERICA S.A.

FINANCIAL STATEMENTS

For the year ended
March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

CONTENT	PAGE

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF
TCS IBEROAMERICA S.A

Opinion

We have audited the financial statements of TCS Iberoamerica S.A. ("the Company"),which comprise the statement of financial position as at March 31st, 2018, the statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the position of the Company as at March 31st, 2018, 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 ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

The Company's business is carried within the commercial strategy and operation framework set by the controlling entity. As mentioned in Note 13, the Company has significant transactions and maintains significant balances with related parties. Our opinion is not modified in respect of this matter.

Other Matter

We draw attention to the fact that we have not audited the accompanying statement of financial position of the Company as at March 31st, 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, or any of the related notes and accordingly, we do not express an opinion on them.

Responsibilities of Those Charged with Governance for the Financial Statements

Those charged with governance are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as those charged with governance 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 company's 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 statement reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives here 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 either, 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 the audit and 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 the ones 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.

KPMG
Cra. Gabriela Cervieri
Partner
C.J. y P.P.U. Nº 64.031

Montevideo, May 18, 2018

Statement of Financial Position as of March 31st 2018

	Notes	As of Mar 31, 2018	As of Mar 31, 2017	As of Apr 1, 2016	As of Mar 31, 2018	As of Mar 31, 2017	As of Apr 1, 2016
		(in US Dollars)			(equivalent in Uruguayan Pesos)		
ASSETS							
Current assets:							
Cash and cash equivalents	4	**21.028**	109.302	44.566	**596.967**	3.119.915	1.414.618
Other assets	5	**2.589**	1.048	1.699	**73.499**	29.921	53.934
Total current assets		**23.617**	110.350	46.265	**670.466**	3.149.836	1.468.552
Non-current assets:							
Investments	6	**254.962.500**	233.050.604	195.072.389	**7.238.130.429**	6.652.196.435	6.191.987.777
Total non-current assets		**254.962.500**	233.050.604	195.072.389	**7.238.130.429**	6.652.196.435	6.191.987.777
TOTAL ASSETS		**254.986.117**	233.160.954	195.118.654	**7.238.800.895**	6.655.346.271	6.193.456.329
LIABILITIES AND EQUITY							
Liabilities:							
Current liabilities:							
Trade payables	8	**21.530**	23.272	56.313	**611.222**	664.262	1.787.494
Income tax liabilities (net)		**1.466**	-	5	**41.616**	-	167
Other liabilities	9	**505**	512	-	**14.338**	14.628	-
Total current liabilities		**23.501**	23.784	56.318	**667.176**	678.890	1.787.661
Non-current liabilities:							
Borrowings	10	**8.788.793**	18.709.715	26.316.173	**249.505.046**	534.050.092	835.327.963
Investment liabilities	6	**6.817.679**	5.604.191	3.577.320	**193.547.089**	159.966.028	113.551.291
Total non-current liabilities		**15.606.472**	24.313.906	29.893.493	**443.052.135**	694.016.120	948.879.254
TOTAL LIABILITIES		**15.629.973**	24.337.690	29.949.811	**443.719.311**	694.695.010	950.666.915
Equity:	7						
Share Capital		**98.418.354**	98.418.354	98.418.354	**2.122.783.424**	2.122.783.424	2.122.783.424
Legal Reserves		**9.209.241**	7.029.667	4.856.732	**226.365.646**	164.535.503	99.973.952
Other Reserves		**(37.162.834)**	(49.231.976)	(47.584.869)	**(9.457.598)**	(318.919.856)	255.112.030
Retained Earnings		**168.891.383**	152.607.219	109.478.626	**4.455.390.112**	3.992.252.190	2.764.920.008
Total equity		**239.356.144**	208.823.264	165.168.843	**6.795.081.584**	5.960.651.261	5.242.789.414
TOTAL LIABILITIES AND EQUITY		**254.986.117**	233.160.954	195.118.654	**7.238.800.895**	6.655.346.271	6.193.456.329

See accompanying notes to financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended March 31, 2018

	Notes	**For the year ended Mar 31, 2018**	For the year ended Mar 31, 2017	**For the year ended Mar 31, 2018**	For the year ended Mar 31, 2017
		(in US Dollars)		(equivalent in Uruguayan Pesos)	
Revenues:					
Consultancy services		**-**	-	**-**	-
Total revenues		**-**	-	**-**	-
Operating expenses:					
Other operating expenses		**(25.513)**	(37. 580)	**(731 .845)**	(1.079.637)
TOTAL OPERATING EXPENSES		**(25.513)**	(37.580)	**(731.845)**	(1.079.637)
OPERATING PROFIT		**(25.513)**	(37.580)	**(731.845)**	(1.079.637)
Other income:					
Share of profit of Equity- accounted Investees,net of tax	6	**54.777.000**	45.164.910	**1.555.064.285**	1.289.187.199
Other gains (net)	11	**1.263**	-	**865.766**	-
Finance costs	12	**(776.437)**	(1.037.668)	**(22.241.403)**	(30.568.261)
Other income (net)		**54.001.826**	44.127.242	**1.533.688.648**	1.258.618.938
PROFIT BEFORE TAXES		**53.976.313**	44.089.662	**1.532.956.803**	1.257.539.301
Income tax expense	14	**3. 812.575**	725.174	**108.374.409**	20.936.433
PROFIT FOR THE YEAR		**50.163.738**	43.364.488	**1.424.582.394**	1.236.602.868
OTHER COMPREHENSIVE INCOME:					
Items that are or may be reclassified to profit or loss:					
Translation adjustment		**12.069.142**	(1.647.107)	**312.569.440**	(47.659.729)
Conversion adjustment		**-**	-	**(3.107.182)**	(526.372.157)
NET AND TOTAL COMPREHENSIVE INCOME		**62.232.880**	41.717.381	**1.734.044.652**	662.570.982

See accompanying notes to financial statements

Statement of Changes in Equity for the year ended March 31, 2018

(in US Dollars)

	Equity share capital	Legal Reserves	Retained earnings	Other Reserves	Total equity
Balance as of Mar 31, 2016	98.418.354	4.856.732	109.478.626	(47.584.869)	165.168.843
Profit for the year	-	-	43.364.488	-	43.364.488
Transfer to legal reserves	-	2.172.935	(2.172.935)	-	-
Other comprehensive income Translation adjustment	-	-	-	(1.647.107)	(1.647.107)
Other changes in Retained Earnings during the period	-	-	1.937.040	-	1.937.040
Balance as of Mar 31, 2017	98.418.354	7.029.667	152.607.219	(49.231.976)	208.823.264
Profit for the year	**-**	**-**	**50.163.738**	**-**	**50.163.738**
Dividend	**-**	**-**	**(31.700.000)**	**-**	**(31.700.000)**
Transfer to legal reserves	**-**	**2.179.574**	**(2.179.574)**	**-**	**-**
Other comprehensive Income Translation adjustment	**-**	**-**	**-**	**12.069.142**	**12.069.142**
Balance as of Mar 31, 2018	**98.418.354**	**9.209.241**	**168.891.383**	**(37.162.834)**	**239.356.144**

See accompanying notes to financial statements

Statement of Changes in Equity for the year ended March 31, 2018

(equivalent in Uruguayan Pesos)

	Equity share capital	Legal Reserves	Retained earnings	Other Re-serves	Total equity
Balance as of Mar 31, 2016	2.122.783.424	99.973.952	2.764.920.008	255.112.030	5.242.789.414
Profit for the year	-	-	1.236.602.868	-	1.236.602.868
Dividend		-	-	-	-
Transfer to legal reserves	-	64.561.551	(64.561.551)	-	-
Other comprehensive Income Translation adjustment	-	-	-	(47.659.729)	(47.659.729)
Other changes in retained earnings during the period	-	-	55.290.865	-	55.290.865
Other comprehensive Income Conversion adjustment	-	-	-	(526.372.157)	(526.372.157)
Balance as of Mar 31, 2017	2.122.783.424	164.535.503	3.992.252.190	(318.919.856)	5.960.651.261
Profit for the year	**-**	**-**	**1.424.582.394**	**-**	**1.424.582.394**
Dividend	**-**	**-**	**(899.614.329)**	**-**	**(899.614.329)**
Transfer to legal reserves	**-**	**61.830.143**	**(61.830.143)**	**-**	**-**
Other comprehensive income Translation adjustment	**-**	**-**	**-**	**312.569.440**	**312.569.440**
Other comprehensive Income Conversion adjustment	**-**	**-**	**-**	**(3.107.182)**	**(3.107.182)**
Balance as of Mar 31, 2018	**2.122.783.424**	**226.365.646**	**4.455.390.112**	**(9.457.598)**	**6.795.081.584**

See accompanying notes to financial statements

Statement of Cash Flows for the years ended March 31, 2018

	Year ended Mar 31, 2018	Year ended Mar 31, 2017	**Year ended Mar 31, 2018**	Year ended Mar 31, 2017
	(in US Dollars)		(equivalent in Uruguayan Pesos)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	**50.163.738**	43.364.488	**1.424.582.394**	1.236.602.868
Adjustments to reconcile net income to net cash provided by operating activities				
Income tax expense	**3.812.575**	725.174	**108.374.409**	20.936.433
Finance costs	**776.437**	1.037.423	**22.241.403**	30.568.261
Share of profit of Equity–accounted investees, net of tax	**(54.777.000)**	(45.164.910)	**(1.555.064.285)**	(1.289.187.199)
Net change in:				
Other assets (current and non-current)	**(1.545)**	651	**(43.549)**	24.013
Trade and other payables	**(1.742)**	(33.041)	**(53.040)**	(1.123.232)
Other liabilities (current and non-current)	**(7)**	512	**(292)**	14.628
Income tax payable	**1.466**	(5)	**41.618**	(169)
Cash generated from operations	**(26.078)**	(69.708)	**78.658**	(2.164.397)
Taxes paid	**(15.987)**	-	**(459.901)**	-
Net cash provided by operating activities	**(42.065)**	(69.708)	**(381.243)**	(2.164.397)
CASH FLOWS FROM INVESTING ACTIVITIES				
Capitalizations in subsidiary	**-**	(10.000.000)	**-**	(293.594.167)
Dividends received	**42.351.147**	18.778.325	**1.214.604.378**	551.320.661
Net cash used in investing activities	**42.351.147**	8.778.325	**1.214.604.378**	257.726.494
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings	**(9.705.000)**	(8.032.360)	**(278.333.323)**	(235.825.404)
Interest paid	**(992.356)**	(611.521)	**(28.460.149)**	(17.953.900)
Dividends paid	**(31.700.000)**	-	**(899.614.329)**	-
Net cash used in financing activities	**(42.397.356)**	(8.643.881)	**(1.206.407.801)**	(253.779.304)
Net change in cash	**(88.274)**	64.736	**7.815.334**	1.782.793
Effect of foreign exchange on cash	**-**	-	**(10.338.282)**	(77.496)
Cash and cash equivalents, beginning of the year	**109.302**	44.566	**3.119.915**	1.414.618
Cash and cash equivalents, end of the year	**21.028**	109.302	**596.967**	3.119.915

See accompanying notes to financial statements

Notes to financial statements

1. BASIC INFORMATION ABOUT THE COMPANY

TCS IBEROAMERICA is a Limited Company and in accordance with article 2 of the By-laws the Company's business purpose and main activity are the investments in subsidiaries.

It is currently domiciled at Colonia 1329, 3rd Floor-Montevideo. The share capital reaches USD 98.418.354 (equivalent to 2.122.783.424 Uruguayan Pesos) in the form of registered shares.

The Company has no direct employees.

2. FINANCIAL STATEMENTS

The financial statements have been approved by the Entity´s Management for their issuance on May 18th, 2018 and will be submitted to the Shareholders meeting for approval.

3. MAIN ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") adopted by the International Accounting Standards Board (IASB), translated into Spanish, and interpretations prepared by the Interpretations Committee of the International Financial Reporting Standards or the previous Interpretations Committee, in accordance with the Appropriate Accounting Standards in Uruguay pursuant to Decrees 291/014, 292/014 and 124/011.

The financial statements as at March 31, 2017 had been prepared in accordance to Uruguayan generally accepted accounting principles, following Decrees 103/991, 37/010, 291/014 and 372/015.

These are the first financial statements prepared in accordance with IFRS. The transition to new regulatory framework did not generate differences in equity and statement of comprehensive income over prior year regulatory framework.

The significant accounting policies which have been adopted for the preparation of these financial statements are as follows:

a. Preparation basis

The financial statements have been prepared, in general, on the basis of their historical cost, except for investment as stated in Note 3.h.

b. Functional currency and presentation currency

Company's management deems that the United States Dollar is the Company´s functional currency, as it is the currency of the primary economic environment in which the Company operates.

The Company followed the methodology established in IAS 21 to translate the amounts in United States Dollars (functional currency) into Uruguayan Pesos (presentation currency) which, under these circumstances, is allowed by a resolution of the Internal Audit of the Nation:

- Assets and liabilities for all balances presented (including comparative figures) were translated using exchange rates prevailing at the end of each reporting period (28,389 Uruguayan Pesos = US$ 1 and 28,544 Uruguayan Pesos = US$ 1 was used for March 31, 2018 and 2017 respectively);
- Income and expense items for all statements presented were translated at the exchange rates prevailing on the dates of the transactions or at the average exchange rates for the period.
- Items of equity different from profit or loss for the year were translated at the year-end exchange rate. In particular, in order to maintain the capital in nominal terms as indicated by the legal regulations, the difference between that year end exchange rate and the ones prevailing on the dates of the transactions were recognized directly in equity as "Other reserve".

c. Definition of capital to be maintained

Income for the year has been considered as the difference that arises when comparing the equity at closing and beginning balances, after excluding increases and decreases from capital contributions and earning distributions. For the purpose of determining the year's results, all amounts involved in equity changes are expressed in United States Dollars.

No special provision has been made to take into account the likely coverage that may have been deemed fit in order to maintain the operating capacity of assets.

d. Cash and cash equivalents

For the purpose of preparing the Cash flow statement, the Company defined cash and cash equivalents as cash.

e. Foreign currency

Assets and liabilities in currencies other than the United State Dollar existing at balance date are translated at the prevailing exchange rate of each closing date.

The resulting exchange rate differences are charged to the corresponding item in the income statement.

Transactions in currency other than the United States Dollars are recorded at the prevailing exchange rate of that day.

f. Financial instruments

Financial assets and liabilities are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the financial instrument.

Accounts receivable

Accounts receivable are expressed at their nominal value adjusted according to the provisions corresponding to estimated bad debts.

Financial liabilities and equity

The instruments of financial liabilities and equity are classified pursuant to the substance of the agreed upon agreements and with the definitions of financial liabilities and capital instruments. The economic substance of a financial instrument, above its legal form, is what will guide the classification to be given in the balance. The accounting policies adopted for specific financial liabilities and equity instruments are set out in the following paragraphs.

Accounts payable

Accounts payable are expressed at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at their historical costs in Uruguayan pesos, net of direct issuance costs.

g. Use of estimates

The preparation of financial statements requires that management make certain estimates and assumptions that affect the value of recorded assets and liabilities, contingent assets and liabilities disclosed as of balance sheet date and revenues and costs recognized during the fiscal year.

Significant estimates and assumptions have been made regarding depreciations, deferred tax, recoverable value of long term assets and allowances.

Actual results may differ from these estimates and evaluations made at the date of preparation of this financial statements.

h. Investments

Investments in TCS De Mexico S.A., TCS Solution Centre S.A Uruguay, TCS Do Brasil Ltda., TCS Argentina S.A., TCS Uruguay S.A. y TCS Chile Limitada. are accounted for using the equity method. Under this method the investment is initially recorded at cost and adjusted thereafter according to the changes in the share of net assets of the investee. The income statement reflects the share of results of operations of the investee that corresponds to the Company.

These financial statements are the separate financial statements of TCS Iberoamerica S.A. The Company is exempted from the preparation of consolidated financial statements as the Company is ultimately a wholly-owned subsidiary of Tata Consultancy Services Limited.

Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists when the Company is exposed, or has rights to variable returns from its involvements with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are accounted for using the equity method following the provisions of ISA 27 Separate Financial Statements (as amended).

Gains or losses arising from changes in equity of investments are recognized in the statements of profit or loss and other comprehensive income.

Changes in subsidiaries' equity that do not effect income are recognized in the Company in the same way.

Loss of control

When the Company losses control over a subsidiary, it derecognize the assets and liabilities of the subsidiary, and any related no controlled interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

i. Recent accounting standards

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 15	Revenue from Contracts with Customers[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRS 16	Leases[2]
IFRS 9 (2014)	Financial Instruments[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Annual improvements — 2015-2017 cycle	IFRS 3 Business combinations, IFRS 11 Joint Arrangements
	IAS 12 Income Taxes, IAS 23 Borrowing costs[2]

[1] Effective for annual periods beginning on or after January 1, 2018.
[2] Effective for annual periods beginning on or after January 1, 2019.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. In April 2016, the IASB issued clarifications to IFRS 15 in relation to identification of performance obligations, principal versus agent considerations as well as licensing application guidance.

IFRIC 22 – Foreign Currency Transactions and advance consideration

On December 8, 2016, the International Accounting Standards Board issued IFRIC 22 which clarifies the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

IFRS 16 – Leases

On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS 16, Leases. IFRS 16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize right to use asset and a corresponding liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

IFRS 9 – Financial Instruments

In July 2014, The International Accounting Standards Board (IASB) has published the final version of IFRS 9 'Financial Instruments' bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The Standard supersedes all previous versions of IFRS 9.

IFRIC 23- Uncertainty over Income Tax Treatments

On June 7, 2017, the International Accounting Standards Board issued IFRIC 23 which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

Annual improvements — 2015-2017 cycle

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control/ joint control of a business that is a joint operation.
- IAS 12 Income Taxes — an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The Company is in the process of evaluating the impact of the new standard.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

In all cases, the Company will apply the new standards in the first year in which they are in force. Company´s management is in the process of evaluating the impact of the new standards and estimates that the application of this modification will not have a significant impact in the financial statements.

4. CASH AND CASH EQUIVALENTS

	As of Mar 31, 2018	As of Mar 31, 2017	As of Apr 1, 2016	As of Mar 31, 2018	As of Mar 31, 2017	As of Apr 1, 2016
	(in US Dollars)			(equivalent in Uruguayan Pesos)		
Current account balances with banks	**21.028**	109.302	44.566	**596.967**	3.119.915	1.414.618
Total	21.028	109.302	44.566	596.967	3.119.915	1.414.618
Held outside India	**21.028**	109.302	44.566	**596.967**	3.119.915	1.414.618
Total	**21.028**	109.302	44.566	**596.967**	3.119.915	1.414.618

5. OTHER ASSETS

	As of Mar 31, 2018	As of Mar 31, 2017	As of Apr 1, 2016	As of Mar 31, 2018	As of Mar 31, 2017	As of Apr 1, 2016
	(in US Dollars)			(equivalent in Uruguayan Pesos)		
VAT receivable	**793**	-	-	**22.503**	-	-
Other current assets	**1.796**	1.048	1.699	**50.996**	29.921	53.934
Total	**2.589**	1.048	1.699	**73.499**	29.921	53.934

6. INVESTMENTS

	As of Mar 31, 2018	As of Mar 31, 2017	As of Apr 1, 2016	As of Mar 31, 2018	As of Mar 31, 2017	As of Apr 1, 2016
	(in US Dollars)			(equivalent in Uruguayan Pesos)		
Investments in subsidiaries						
I. Tata Consultancy Services Uruguay S.A.	**5.631.043**	8.269.080	11.034.455	**159.859.666**	236.032.627	350.255.678
II. Tata Consultancy Services Solution Center S.A.	**27.717.537**	16.751.042	7.068.579	**786.873.172**	478.141.747	224.370.823
iii. Tata Consultancy Services Argentina S.A.	**(6.817.679)**	(5 .604.191)	(3.577.320)	**(193.547.089)**	(159.966.028)	(113.551.291)
iv. Tata Consultancy Services do Brazil Ltda.	**12.368.509**	6.913.782	3.598.828	**351.129.616**	197.346.983	114.234.004
v. Tata Consultancy Services Inversiones Chile Ltda.	**85.557.013**	103.893.814	103.049.736	**2.428.878.055**	2.965.545.021	3.271.004.731
vi. Tata Consultancy Services de Mexico S.A. de CV.	**123.688.398**	97.222.886	70.320.791	**3.511.389.920**	2.775.130.057	2.232.122.541
Total Investments	**248.144.821**	227.446.413	191.495.069	**7.044.583.340**	6.492.230.407	6.078.436.486

March 31, 2018	TCS Solution Center SA	TCS Uruguay SA	TCS Mexico SA de CV	TCS Inversiones Chile SA	TCS Argentina SA	TCS Brazil Ltda	Total
	(in US Dollars)						
Balance as at March 31, 2017	**16.751.042**	**8269.080**	**97.222.886**	**103.893.814**	**(5.604.191)**	**6.913.782**	**227.446.413**
Retained Earnings	**13.336.702**	**784.540**	**41.626.162**	**(869.583)**	**(2.891.292)**	**2.790.471**	**54.777.000**
Translation adjustment	**1.129.793**	**77.423**	**481.405**	**6.038.461**	**1.677.804**	**2.664.256**	**12.069.142**
Dividends	**(3.500.000)**	**(3.500.000)**	**(15.642.055)**	**(23.505.679)**	**-**	**-**	**(46.147.734)**
Balance as at March 31, 2018	**27.717.537**	**5.631.043**	**123.688.398**	**85.557.013**	**(6.817.679)**	**12.368.509**	**248.144.821**

March 31, 2017	TCS Solution Center SA	TCS Uruguay SA	TCS Mexico SA de CV	TCS Inversiones Chile SA	TCS Argentina SA	TCS Brazil Ltda	Total
	(in US Dollars)						
Balance as at March 31, 2016	7.068.579	11.034.455	70.320.791	103.049.736	(3.577.320)	3.598.828	191.495.069
Retained Earnings	4.121.203	866.309	40.454.216	(170.265)	(2.305.318)	2.198.765	45.164.910
Translation adjustment	1.061.260	1.368.316	951.379	1.014.343	278.447	(4.383.811)	289.934
Dividends	-	(5.000.000)	(14.503.500)	-	-	-	(19.503.500)
Capitalization	4.500.000	-	-	-	-	5.500.000	10.000.000
Balance as at March 31, 2017	16.751.042	8.269.080	97.222.886	103.893.814	(5.604.191)	6.913.782	227.446.413

March 31, 2018	TCS Solution Center SA	TCS Uruguay SA	TCS Mexico SA de CV	TCS Inversiones Chile SA	TCS Argentina SA	TCS Brazil Ltda	Total
	(in Uruguayan Pesos)						
Balance as at March 31, 2017	**478.141.747**	**236.032.627**	**2.775.130.057**	**2.965.545.020**	**(159. 966.028)**	**197.346.983**	**6.492.230.406**
Retained Earnings	**378.615.643**	**22.272.315**	**1.181.725.124**	**(24.686.586)**	**(82.080.889)**	**79.218.678**	**1.555.064.285**
Translation adjustment	**29.204.282**	**643.224**	**3.233.387**	**155.549.134**	**48.499.828**	**74.563.955**	**311.693.810**
Dividends	**(99.088.500)**	**(99.088.500)**	**(448.698.648)**	**(667.529.513)**	**-**	**-**	**(1.314.405.161)**
Capitalization	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at March 31, 2018	**786.873.172**	**159.859.666**	**3.511.389.920**	**2.428.878.055**	**(193.547.089)**	**351.129.616**	**7.044.583.340**

March 31, 2017	TCS Solution Center SA	TCS Uruguay SA	TCS Mexico SA de CV	TCS Inversiones Chile SA	TCS Argentina SA	TCS Brazil Ltda	Total
	(in Uruguayan Pesos)						
Balance as at March 31, 2016	224.370.823	350.255.678	2.232.122.541	3.271.004.731	(113.551.291)	114.234.004	6.078.436.486
Retained Earnings	117.635.619	24.727.932	1.154.725.146	(4.860.039)	(65.803.011)	62.761.552	1.289.187.199
Translation adjustment	6.782.805	5.144.017	(193.961.676)	(300.599.671)	19.388.274	(137.746.073)	(600.992.324)
Dividends	-	(144.095.000)	(417.755.954)	-	-	-	(561.850.954)
Capitalization	129.352.500	-	-	-	-	158.097.500	287.450.000
Balance as at March 31, 2017	478.141.747	236.032.627	2.775.130.057	2.965.545.021	(159.966.028)	197.346.983	6.492.230.407

7. CAPITAL AND RESERVES

Paid-in Capital

As at March 31st, 2018 and 2017 the Paid in Capital of the Company is 2.122.783.424 Uruguayan Pesos.

Authorized Capital

The Authorized Capital as at March 31st 2018, as per the Bylaws, is 3.000.000.000 Uruguayan Pesos.

Distribution of results

On June 22th, 2017 the General Meeting of Shareholders approved the Financial Statements of the fiscal years ended in March 31st, 2017 and its distributions of results. The resolutions includes the creation of the Legal Reserve of 61.830.143 Uruguayan Pesos and the distribution of dividends to TCS Limited of USD 31.700.000 (Uruguayan Pesos 899.614.301).

As at March 31st, 2018 the balance of the Legal Reserve is 226.365.646 Uruguayan Pesos.

Translations

The balance of the account corresponds to the difference of exchange in long-term investments, within an equity account as set forth in NIC 21.

8. TRADE PAYABLES

	As of Mar 31, 2018	As of Mar 31, 2017	As of Apr 01, 2016	**As of Mar 31, 2018**	As of Mar 31, 2017	As of Apr 01, 2016
	(in US Dollars)			(equivalent in Uruguayan Pesos)		
Trade payables - gross	-	119	1.377	-	3.392	43.705
Trade payables	-	119	1.377	-	3.392	43.705
Accrued expenses	**21.530**	23.153	54.936	**611.222**	660.870	1.743.789
Total	**21.530**	23.272	56.313	**611.222**	664.262	1.787.494

9. OTHER LIABILITIES

Other current liabilities	**As of Mar 31, 2018**	As of Mar 31, 2017	As of Apr 01, 2016	**As of Mar 31, 2018**	As of Mar 31, 2017	As of Apr 01, 2016
	(in US Dollars)			(equivalent in Uruguayan Pesos)		
Indirect tax payable and other statutory liabilities	**505**	512	-	**14.338**	14.628	-
Total	**505**	512	-	**14.338**	14.628	-

10. BORROWINGS

Long-term borrowings		**As of Mar 31, 2018**	As of Mar 31, 2017	As of Apr 01, 2016	**As of Mar 31, 2018**	As of Mar 31, 2017	As of Apr 01, 2016
	Rates	(in US Dollars)			(equivalent in Uruguayan Pesos)		
Loans from related parties (Note 13)	4.5% - 6%	**8.735.000**	18.440.000	26.215.000	**247.977.915**	526.351.360	832.116.530
Accrued interest		**53.793**	269.715	101.173	**1.527.131**	7.698.732	3.211.433
Total		**8.788.793**	18.709.715	26.316.173	**249.505.046**	534.050.092	835.327.963
Unsecured		**8.735.000**	18.440.000	26.215.000	**247.977.915**	526.351.360	832.116.530
Total		**8.735.000**	18.440.000	26.215.000	**247.977.915**	526.351.360	832.116.530

11. FINANCIAL INCOME

	Year ended Mar 31, 2018	Year ended Mar 31, 2017	Year ended Mar 31, 2018	Year ended Mar 31, 2017
	(in US Dollars)		(in Uruguayan Pesos)	
Net foreign exchange gains	**1.263**	-	**865.766**	-
Total	**1.263**	-	**865.766**	-

12. FINANCE COSTS

	Year ended Mar 31, 2018	Year ended Mar 31, 2017	Year ended Mar 31, 2018	Year ended Mar 31, 2017
	(in US Dollars)		(in Uruguayan Pesos)	
Net foreign exchange loss	**-**	(245)	**-**	(7.149)
Other interest expenses	**(776.437)**	(1.037.423)	**(22.241.403)**	(30.561.112)
Total	**(776.437)**	(1.037.668)	**(22.241.403)**	(30.568.261)

13. RELATED PARTIES

The Company has carried out transaction during the year and maintains, at yearend, balances with related parties whose nature and amounts are exposed below:

Balances payable to related parties

Year ended March 31, 2018

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
	(Amt in US Dollars)				
Borrowings	-	-	**-**	**8.735.000**	**8.735.000**
Other financial liabilities	**-**	**-**	**-**	**53.793**	**53.793**
Total	**-**	**-**	**-**	**8.788.793**	**8.788.793**

Year ended March 31, 2017

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
	(Amt in US Dollars)				
Borrowings				18.440.000	18.440.000
Other financial liabilities	-	-	-	269.715	269.715
Total	-	-	-	18.709.715	18.709.715

Transactions with related parties

Year ended March 31, 2018

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
	(Amt in US Dollars)				
Dividend paid	-	-	**31.700.000**	**-**	**31.700.000**
Dividend Income			**-**	**46.147.734**	**46.147.734**
Interest expense	-	-	**-**	**776.435**	**776.435**
Total	-	-	**31.700.000**	**46.924.169**	**78.624.169**

Year ended March 31, 2017

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
	(Amt in US Dollars)				
Dividend Income	-	-	-	19.503.500	19.503.500
Interest expense	-	-	-	1.037.668	1.037.668
Total	-	-	-	20.541.168	20.541.168

The Company is part of a wider economic group,represented by Tata Consultancy Services Limited, therefore,the results of its operations could be affected to operate without this support.

Remuneration to the Board

The members of the Company's board are not remunerated for carrying out their duties.

14. INCOME TAX

14.1 Income tax expense

Tax rate reco	**Year ended Mar 31, 2018**	Year ended Mar 31, 2017	**Year ended Mar 31, 2018**	Year ended Mar 31, 2017
	(in US Dollars)		**(in Uruguayan Pesos)**	
Current income tax expense	**16.036**	-	**459.076**	-
Domestic	**3.796.539**	725.174	**107.915.333**	20.936.433
Overseas	**3.812.575**	725.174	**108.374.409**	20.936.433
Total income tax expense	**3.812.575**	725.174	**108.374.409**	20.936.433

14.2 Reconciliation of income tax and book net income

	Year ended Mar 31, 2018	Year ended Mar 31, 2017	Year ended Mar 31, 2018	Year ended Mar 31, 2017
	(in US Dollars)		(in Uruguayan Pesos)	
Income before income taxes	**53.976.313**	44.089.662	**1.532.956.803**	1.257.539.301
Federal income tax rate	**25%**	25%	**25%**	25%
Expected income tax expense	**13.494.078**	11.022.416	**383.239.201**	314.384.825
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:				
Tax holidays and income exempt from tax	**(13.485.505)**	(11.022.416)	**(382.992.258)**	(314.384.823)
Tax pertaining to prior years :	**7.463**	-	**212.133**	-
Disallowable expenses	**3.796.539**	725.174	**107.915.333**	20.936.431
Total income tax expense	**3.812.575**	725.174	**108.374.409**	20.936.433

15. FINANCIAL RISK MANAGEMENT

Exchange rate risk

Exchange rate risk is determined by the exposure of the Company to foreign currency fluctuation, detailed as follows:

March 31, 2018	**Uruguayan Pesos**	**Equivalent USD**
Assets:		
Cash and cash equivalents	**795**	**28**
Total	**795**	**28**
Liabilities:		
Trade payables	**90.000**	**3.170**
Total	**90.000**	**3.170**
Net exposure asset / (liability)	**(89.205)**	**(3.142)**

March 31, 2017	Uruguayan Pesos	Equivalent USD
Assets:		
Cash and cash equivalents	50.466	1.768
Total	50.466	1.768
Liabilities:		
Trade payables	93.396	3.272
Total	93.396	3.272
Net exposure asset / (liability)	(42.930)	(1.504)

The Company is mainly exposed to changes in the rate of the Uruguayan peso. The following table shows the sensitivity of the foreign currency position if: there is a devaluation scenario of 20% or an appreciation scenario of 20% for the exchange rate of the US Dollar against the Uruguayan peso.

(Figures expressed in Uruguayan pesos)

Scenario 1 Devaluation Loss	(17,841)
Scenario 2 Appreciation Profit	17,841

Interest risk

The Company does not hold significant commercial or financial assets or liabilities subject to the change in the interest rate, because the loans from related parties were made under fix rates (Note 10).

Credit risk

The main financial assets of the Company consist of accounts receivable and related parties.

The amounts presented in the balance sheet are net of provisions for bad debts estimated by Management, based on past experience and the assessment of its current financial situation.

The Company accrues the largest concentration of its credits in the group's counterparts.

Liquidity risks

The Company is substantially financed by related parties (Note 13).

16. SUBSEQUENT EVENTS

There have been no events or circumstances subsequent to March 31st, 2018 that could significantly affect the Company's balance sheet, operating income and cash flows.

TATA CONSULTANCY SERVICES QATAR L.L.C.
DOHA - QATAR

(Registration Number: 53508)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the year ended
March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

TATA CONSULTANCY SERVICES QATAR L.L.C .

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Tata Consultancy Services Qatar L.L.C. (the 'Company'), which comprise the statement of financial position as at 31 March 2018, 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 2018, 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 (ISA). 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 Company's financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Company as at and for the year ended 31 March 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements dated 8 May 2017.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its financial statements are in agreement therewith. We are not aware of any violations of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company's Articles of Association and any amendments thereto having occurred during the year which might have had a material effect on the Company's financial position or performance as at and for the year ended 31 March 2018.

7 May 2018
Doha
State of Qatar

Gopal Balasubramaniam
KPMG

Audit registration number
251

Statement of Financial Position as at March 31, 2018

(Amount in : QAR)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS:			
Current assets:			
Cash and cash equivalents	3	**15,879,767**	30,818,543
Trade receivables	4	**8,878,993**	12,206,712
Unbilled revenues		**4,680**	1,490,473
Other financial assets	5(a)	**480,669**	1,607,941
Other assets	6	**3,105,554**	956,111
Total current assets		**28,349,663**	47,079,780
Non-current assets:			
Property, plant and equipment	7	**12,337**	19,039
Other financial assets	5(b)	**1,432,855**	-
Income taxes assets (net)		**552**	-
Deferred tax assets (net)	15	**247,607**	-
Total non-current assets		**1,693,351**	19,039
TOTAL ASSETS		**30,043,014**	47,098,819
LIABILITIES AND EQUITY:			
Liabilities:			
Current liabilities:			
Trade payables	8	**7,973,796**	12,582,979
Other financial liabilities		**12,439**	-
Unearned and deferred revenue		**2,830,542**	903,281
Employee benefit obligations	9	**42,984**	188,294
Provisions		**22,939**	33,545
Income tax liabilities (net)		**1,284,814**	533,125
Other liabilities	11	**70,870**	116,107
Total current liabilities		**12,238,384**	14,357,331
Non-current liabilities:			
Employees' end of service benefits	10	**113,582**	320,137
Total non-current liabilities		**113,582**	320,137
TOTAL LIABILITIES		**12,351,966**	14,677,468
Equity:			
Share capital	12	**2,000,000**	2,000,000
Retained earnings		**14,691,048**	29,421,351
Legal reserve		**1,000,000**	1,000,000
Total equity		**17,691,048**	32,421,351
TOTAL LIABILITIES AND EQUITY		**30,043,014**	47,098,819

See accompanying notes forming part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income for the year ended March 31, 2018

(Amount in : QAR)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from information technology services		**62,970,434**	68,827,173
Operating expenses:			
Employee cost		**17,598,560**	20,318,060
Other operating expenses	13	**33,713,202**	43,170,639
Depreciation	7	**14,421**	17,247
Total operating expenses		**51,326,183**	63,505,946
Operating profit		**11,644,251**	5,321,227
Other income / (expense):			
Other non-operating (loss) / income, net:	14	**(315,041)**	10,026
Profit before Taxes		**11,329,210**	5,331,253
Income tax expense	15	**1,059,513**	533,125
Profit for the year		**10,269,697**	4,798,128
Total comprehensive income, net of taxes:		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**10,269,697**	4,798,128

See accompanying notes forming part of the financial statements.

Statement of changes in Equity for the year ended March 31, 2018

(Amount in : QAR)

	Share capital	Legal reserve	Retained earnings	Total equity
Balance as at April 1, 2016	2,000,000	1,000,000	24,623,223	27,623,223
Total comprehensive income for the year	-	-	4,798,128	4,798,128
Balance as at March 31, 2017	**2,000,000**	**1,000,000**	**29,421,351**	**32,421,351**
Total comprehensive income for the year	**-**	**-**	**10,269,697**	**10,269,697**
Dividend	**-**	**-**	**(25,000,000)**	**(25,000,000)**
Balance as at March 31, 2018	**2,000,000**	**1,000,000**	**14,691,048**	**17,691,048**

See accompanying notes forming part of the financial statements.

Statement of Cash Flows for the year ended March 31, 2018

(Amount in : QAR)

	Note	For Year ended March 31, 2018	For Year ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year		**10,269,697**	4,798,128
Adjustment to reconcile profit or loss to net cash provided by operating activities:			
Depreciation	7	**14,421**	17,247
Income tax expense	15	**1,059,513**	533,125
Reversal of provision for forseeable losses		**(10,606)**	(287,623)
Provision for doubtful debts (net)	4	**2,466,306**	223,058
Provision for employees' end of service benefit		**230,514**	57,279
Net change in working capital:			
Trade receivables		**861,413**	8,215,778
Unbilled revenues		**1,485,793**	538,834
Other financial assets		**(75,539)**	63,736
Other assets		**(2,149,443)**	336,546
Trade and other payables		**(4,609,181)**	65,466
Other financial liabilities		**12,439**	(197,627)
Unearned and deferred revenues		**1,927,261**	(255,897)
Employee benefit obligations		**(145,311)**	29,445
Other liabilities		**(45,237)**	116,107
Cash generated from operating activites		**11,292,039**	14,253,602
Taxes paid		**(555,982)**	(788,674)
Employees' end of service beneifit paid		**(437,069)**	(108,872)
Net cash generated from operating activities		**10,298,988**	13,356,056
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	7	**(7,719)**	(4,499)
Proceeds from term deposits		**1,839,754**	8,155,621
Investment in term deposits		**(2,069,800)**	(5,741,602)
Net cash generated by investing activities		**(237,765)**	2,409,520
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of Dividend to TCS Limited		**(25,000,000)**	-
Net cash used in financing activities		**(25,000,000)**	-
Net change in cash and cash equivalents		**(14,938,777)**	15,765,576
Cash and cash equivalents, beginning of the year		**30,818,543**	15,052,967
Cash and cash equivalents, end of the year	3	**15,879,767**	30,818,543

See accompanying notes forming part of the Financial Statements.

Notes forming part of the Financial Statements

1. BACKGROUND AND OPERATIONS

Tata Consultancy Services Qatar L.L.C. (the "Company") is registered as a limited liability company in the State of Qatar under commercial registration number 53508.

The Company is engaged in a wide range of information technology and consultancy services including systems hardware and software, communications and networking, hardware sizing and capacity planning, software project management solutions, technology education services and business process outsourcing.

The address of the Company's registered office is Level 21, Burji Doha Tower, Building no 15, Zone 60, Street # 910 Westbay, Doha Qatar P.O.Box 27110.

The financial statements were approved and authorised for issue on 7th May 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The financial statements have been prepared on historical cost basis. 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.

c. Use of estimates and judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented.

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

The key source of estimation uncertainty that have a risk of causing a material adjustment within the next financial year are useful lives of property and equipment, valuation of deferred tax assets, provisions and contingent liabilities.

Provisions and contingent liabilities.

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 a reliable estimate can be made. These are reviewed at the end of each reporting period adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy has been explained under note 2(g).

Percentage-of-completion

The Company uses the percentage-of-completion method in accounting for part of its turnkey revenue. Use of the percentage-of-completion method requires the company to estimate the proportion of work performed to date. Management considers that the percentage of cost incurred to date to the total estimated cost is the most appropriate measure of determining the percentage of completion to arrive to the revenue amount to be recognised.

d. Revenue recognition

The Company earns revenues primarily from providing information technology and consultancy services, application development, IT infrastructure management, including services under contracts for software development, implementation and other related services.

Notes forming part of the Financial Statements

Revenue from bundled contracts that involve supplying computer equipment, licensing software and providing services is allocated separately for each element based on their fair values.

Revenues from contracts priced on a time and material basis is recognized as the services are rendered and as related costs are incurred.

Revenues from software development contracts, which are generally time bound fixed price contracts, are recognized over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognized when probable. Revenues in excess of billings are recognized as unbilled revenues in the statement of financial position; to the extent billings are in excess of revenues recognized, the excess is reported as unearned and deferred revenue in the statements of financial position.

Revenues from business process services contracts priced on the basis of time and material or unit of delivery are recognized as services are rendered or the related obligation is performed.

Revenues from maintenance contracts are recognized on pro-rata basis over the period of contract.

Revenue is recognized only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

Revenue is reported net of discounts and indirect taxes.

e. Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their nature in the following categories:

The costs of the company are broadly categorised into employee benefit expenses, depreciation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, facility expenses, travel expenses, cost of equipment and software licenses, communication expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances (net) and other expenses. Other expenses is an aggregation of costs such as contribution to Brand Equity, employee cost recovery, corporate overhead allocation etc.

During the Financial year, the Company decided to present an analysis of expenses recognized in the Profit or Loss using a classification based on their nature instead of by their function. The change has been made, as classification of expenses by nature is considered to provide more reliable and relevant information to users than their classification by function. Information on the nature of expenses is useful in predicting future cash flows. Classification by nature is simple and does not require allocations and involves lesser management judgement. The Company intends to follow this approach on a consistent basis.

f. Foreign currency

The functional and reporting currency of the Company is Qatari Riyal ("QAR"). Foreign currency transactions are translated into functional currency at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated into the functional currency using exchange rates prevailing on the balance sheet date. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities are included in profit or loss. Non monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rate prevailing on the date of statement of financial position.

g. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period. 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 unit intends to settle the asset and liability on a net basis.

The Company accounts for the deferred income taxes using the balance sheet approach. Deferred income taxes are provided for the differences between the tax base of assets and liabilities and their reported amounts in the financial statements.

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.

h. Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The Company classifies non-derivative financial liabilities into the following categories: financial liabilities at FVTPL and other financial liabilities.

Cash and cash equivalents

The company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

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 in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the company is recognised as a separate asset or liability.

Financial assets at FVTPL

A financial asset is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at FVTPL are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments , are recognised in other comprehensive income (OCI) and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Non-derivative financial liabilities – Measurement

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss. Other non-derivative financial liabilities are initially measured at fair value less any directly attributable

Notes forming part of the Financial Statements

transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

i. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives as follows:

Type Of Asset	Method	Useful life (in years)
Computer equipment	Straight Line Method	4 years
Furniture and Fixtures	Straight Line Method	5 years

Depreciation is not recorded on capital work in progress until construction and installation are complete and the asset is ready for its intended use.

j. Impairment

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

k. Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

l. Employee benefit obligations

The Company provides for amount payable to be employees for compensated absences per the company's policy, which are expected to occur within twelve months after the end of the period in which the employee render the related services are recognised as undiscounted liability at the date of statement of financial position.

m. Employees' end of service benefits

A provision is made for employees end of service benefits which is payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salary and accumulated period of service as at the reporting date.

n. Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in profit and loss statement.

o. Legal reserve

In accordance with Qatar Commercial Company's Law, the Company has established a legal reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the capital. This has been achieved, hence the company has resolved to discontinue such transfer. This reserve is not available for distribution except in circumstances as specified in the Law.

p. Capital management

The Company's objective for capital management is to maximize 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 product and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated.

q. Recent Accounting Standards

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 15	Revenue from Contracts with Customers 1
IFRIC 22	Foreign Currency Transactions and Advance Consideration 2
IFRS 16	Leases [2]
IFRS 9 (2014)	Financial Instruments [1]
IFRIC 23	Uncertainty over Income Tax Treatments [2]
Annual improvements — 2015-2017 cycle	IFRS 3 Business combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes, IAS 23 Borrowing costs [2]

[1] Effective for annual periods beginning on or after January 1, 2018

[2] Effective for annual periods beginning on or after January 1, 2019

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. In April 2016,

Notes forming part of the Financial Statements

the IASB issued clarification to IFRS in relation to identification of the performance obligations, principal versus agent consideration as well as licensing application guidance.

The company has completed its evaluation of the possible impact of IFRS 15 over the past few quarters. The company will adopt IFRS 15 with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The company does not expect the impact of the adoption of the new standard to be material to its net income on an ongoing basis.

IFRIC 22- Foreign Currency Transactions and advance consideration

On December 8, 2016, the International Accounting Standards Board issued IFRIC 22 which clarifies the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact, if any, of IFRIC 22 on its financial statements.

IFRS 16- Leases

On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS16, Leases. IFRS16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. The impact of this standard on the financial statements will be evaluated.

IFRIC 23- Uncertainty over Income Tax Treatments

On June 7, 2017, the International Accounting Standards Board issued IFRIC 23 which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

- Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The company is in the process of evaluating the impact of the new standard.

Annual improvements — 2015-2017 cycle

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IAS 12 Income Taxes — an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The company is in the process of evaluating the impact of the new standard.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The company does not expect any impact from this pronouncement.

3. CASH AND CASH EQUIVALENTS

(Amount in : QAR)

	As at March 31, 2018	As at March 31, 2017
Cash in hand	**47,706**	67,786
Balances with bank	**12,612,406**	27,562,956
Short term bank deposits	**3,219,655**	3,187,801
Total	**15,879,767**	30,818,543

4. TRADE RECEIVABLES

(Amount in : QAR)

	As at March 31, 2018	As at March 31, 2017
Trade receivables*	**11,568,357**	12,429,770
Less: Allowance for doubtful trade receivables	**(2,689,364)**	(223,058)
Total	**8,878,993**	12,206,712

* - Trade receivable include balances with related party of QAR 370,499 as at March 31, 2018 (QAR 206,168 as at March 31, 2017) (Refer Note No. 19)

Notes forming part of the Financial Statements

4. TRADE RECEIVABLES (Contd.)

(Amount in : QAR)

	As at March 31, 2018	As at March 31, 2017
The aging of trade receivables is as follows:		
(i) Aging of neither past due nor impaired		
Less than 30 days	**6,874,773**	8,369,935
(ii) Aging of past due but not impaired		
30-60 days	**1,292,984**	190,366
61-90 days	**206,792**	303,626
91-180 days	**193,317**	357,072
181 to 365 Days	**536,687**	986,960
More than 365 days	**(225,560)**	1,998,753
Total	**2,004,220**	3,836,777
(iii) Movement in the provision for doubtful debt		
At April 1,	**223,058**	-
Additional provision during the year	**10,975,861**	223,058
Reversed during the year	**(8,509,555)**	-
At March 31,	**2,689,364**	223,058

5. OTHER FINANCIAL ASSETS

Other financial asset consist of the following:

5(a) Other financial assets - Current

(Amount in : QAR)

	As at March 31, 2018	As at March 31, 2017
Accrued Interest	**1,691**	1,691
Bank deposits	**-**	710,757
Employee advances	**158,937**	120,093
Allowance for security deposit	**63,400**	83,350
Restricted cash	**250,000**	692,050
Others*	**6,641**	-
Total	**480,669**	1,607,941

* Others include balances with related party of QAR 6,641 as at March 31, 2018 (Refer Note No. 19)

5(b) Other financial assets - Non-current

(Amount in : QAR)

	As at March 31, 2018	As at March 31, 2017
Premises security deposit	**50,000**	-
Restricted Cash	**1,382,855**	-
Total	**1,432,855**	-

Notes forming part of the Financial Statements

6. OTHER ASSETS

(Amount in : QAR)

	As at March 31, 2018	As at March 31, 2017
Advance to suppliers	**49,880**	34,520
Prepaid expenses - Current*	**2,899,952**	917,108
Prepaid Rent office	**150,000**	-
Others	**5,722**	4,483
Total	**3,105,554**	956,111

* - Prepaid expenses - Current include balances with related party of QAR 2,808,900 as at March 31, 2018 (QAR 822,299 as at March 31, 2017) (Refer Note No. 19)

7. PROPERTY, PLANT AND EQUIPMENT

(Amount in : QAR)

	Computer equipment	Furniture and fixtures	Total
Gross block as at April 1, 2017	**77,107**	**-**	**77,107**
Additions	**-**	**7,719**	**7,719**
Gross block as at March 31, 2018	**77,107**	**7,719**	**84,826**
Accumulated depreciation as at April 1, 2017	**58,068**	**-**	**58,068**
Depreciation for the year	**12,878**	**1,543**	**14,421**
Accumulated depreciation as at March 31, 2018	**70,946**	**1,543**	**72,489**
Net carrying amount as at March 31, 2018	**6,161**	**6,176**	**12,337**
Gross block as at April 1, 2016	72,608	-	72,608
Purchases	4,499	-	4,499
Gross block as at March 31, 2017	77,107	-	77,107
Accumulated depreciation as at April 1, 2016	40,821	-	40,821
Depreciation for the year	17,247	-	17,247
Accumulated depreciation as at March 31, 2017	58,068	-	58,068
Net carrying amount as at March 31, 2017	19,039	-	19,039

Notes forming part of the Financial Statements

8. TRADE PAYABLES

(Amount in : QAR)

	As at March 31, 2018	As at March 31, 2017
Trade payables *	**6,276,431**	5,597,393
Accrued expenses	**1,697,365**	6,985,586
Total	**7,973,796**	12,582,979

* Trade payables include balances with related party of QAR 6,261,490 as at March 31, 2018 (QAR 6,242,133 as at March 31, 2017) (Refer Note No. 19)

9. EMPLOYEE BENEFIT OBLIGATIONS

(Amount in : QAR)

	As at March 31, 2018	As at March 31, 2017
Compensated absences *	**42,984**	188,294
Total	**42,984**	188,294

* This represents balance payable to the employees based on the Company's policy on compensated absences.

10. EMPLOYEES' END OF SERVICE BENEFITS

(Amount in : QAR)

	As at March 31, 2018	As at March 31, 2017
Gratuity liability	**113,582**	320,137
Total	**113,582**	320,137
MOVEMENT IN EMPLOYEES' END OF SERVICE BENEFITS		
At April 1,	**320,137**	371,730
Provision charged for the year	**230,514**	57,279
Payments made during the year	**(437,069)**	(108,872)
At March 31,	**113,582**	320,137

11. OTHER CURRENT LIABILITIES

(Amount in : QAR)

	As at March 31, 2018	As at March 31, 2017
Advance received from customers	**70,870**	116,107
Total	**70,870**	116,107

Notes forming part of the Financial Statements

12. SHARE CAPITAL

(Amount in : QAR)

	As at March 31, 2018	As at March 31, 2017
Authorised, issued, subscribed and paid up Share capital	**2,000,000**	2,000,000
Total	**2,000,000**	2,000,000
Share holding	**Percentage**	Percentage
Tata Consultancy Services Limited	**100%**	100%

13. OTHER OPERATING EXPENSES

(Amount in : QAR)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Communication	**276,511**	249,829
Facility running expenses	**756,947**	1,633,765
Fees to external consultants	**2,152,588**	406,773
Project expenses	**22,567,228**	35,768,233
Other expenses	**4,509,503**	2,253,309
Travel expenses	**3,450,425**	2,858,730
Total	**33,713,202**	43,170,639

14. OTHER NON-OPERATING (LOSS) / INCOME, NET:

(Amount in : QAR)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Net foreign exchange gains / (losses)	**(360,009)**	(6,976)
Interest Income	**44,968**	**17,002**
Total	**(315,041)**	**10,026**

Notes forming part of the Financial Statements

15. INCOME TAX

The income tax expense consists of the following:

(Amount in : QAR)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Tax		
Current tax expense	**1,307,120**	533,125
Deferred tax expense	**(247,607)**	-
Total	**1,059,513**	533,125

The reconciliation of estimated income tax expense at the Qatar Statutory income tax rate to income tax expense reported in statement of profit or loss and other comprehensive income is as follows

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax Expenses		
Income before Taxes	**11,329,210**	5,331,253
Statutory Tax rate	**10.00%**	10.00%
Expected income tax expense	**1,132,921**	533,125
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Tax on income at different rates	**(95,269)**	-
Tax pertaining to prior years:		
Current Tax	**22,306**	-
Deferred Tax	**(445)**	-
Income Tax	**1,059,513**	533,125
Ownership share of Non-Qatari	**100%**	100%
Income tax liability	**1,059,513**	533,125

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

	Opening balance as on March 31, 2017	Recognised through profit or loss	Closing balance as on March 31, 2018
Deferred Tax Assets			
Deferred tax assets in relation to:			
Property, plant and equipment	-	**988**	**988**
Allowances for Receivables	-	**246,619**	**246,619**
Total deferred tax asset	-	**247,607**	**247,607**

16. FINANCIAL INSTRUMENTS

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2(h) to the financial statements

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2018 is as follows :

(Amount in : QAR)

	Cash and loans receivable	Financial liability	Total carrying	Total fair value
Assets:				
Cash and cash equivalents	**15,879,767**	**-**	**15,879,767**	**15,879,767**
Trade receivables	**8,878,993**	**-**	**8,878,993**	**8,878,993**
Unbilled revenues	**4,680**	**-**	**4,680**	**4,680**
Other financial assets	**1,913,524**	**-**	**1,913,524**	**1,913,524**
Total Assets	**26,676,964**	**-**	**26,676,964**	**26,676,964**
Liabilities:				
Trade payables	**-**	**7,973,796**	**7,973,796**	**7,973,796**
Other financial liabilities	**-**	**12,439**	**12,439**	**12,439**
Total Liabilities	**-**	**7,986,235**	**7,986,235**	**7,986,235**

The carrying value of financial instruments by categories as at March 31, 2017 is as follows:

	Cash and loans receivable	Financial liability	Total carrying	Total fair value
Assets:				
Cash and cash equivalents	30,818,543	-	30,818,543	30,818,543
Trade receivables	12,206,713	-	12,206,713	12,206,713
Unbilled revenues	1,490,473	-	1,490,473	1,490,473
Other financial assets	1,607,941	-	1,607,941	1,607,941
Total Assets	46,123,670	-	46,123,670	46,123,670
Liabilities:				
Trade payables	-	12,582,979	12,582,979	12,582,979
Total Liabilities	-	12,582,979	12,582,979	12,582,979

17. RISK MANAGEMENT

(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 analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Notes forming part of the Financial Statements

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was QAR 26,629,258 and QAR 46,055,884 as of March 31, 2018 and March 31, 2017, respectively being the total of the carrying amount of balances with bank, bank deposit, trade receivable, unbilled revenue, and other financial assets. Balance with bank are held with banks with high credit ratings. As of March 31, 2018, there were no indications that any defaults will occur on trade receivable, unbilled revenues, or other financial assets.

(b) Geographic Concentration of Credit Risk

The Company has a geographic concentration of trade receivables, net of allowances and unbilled revenue as given below:

(Amount in : QAR)

	As of March 31, 2018	As of March 31, 2017
Middle East	**96%**	98%
Others	**4%**	1%
India	**0%**	1%

(c) 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 consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

(Amount in : QAR)

	Due in 1st year	**Due in 2nd to 5th year**	**Total**
March 31, 2018			
Non derivative financial liabilities			
Trade and other payables	**7,973,796**	**-**	**7,973,796**
Other financial liabilities	**12,439**	**-**	**12,439**
Total	**7,986,235**	**-**	**7,986,235**
March 31, 2017			
Non derivative financial liabilities			
Trade and other payables	12,582,979	-	12,582,979
Other financial liabilities	-	-	-
Total	12,582,979	-	12,582,979

(d) Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rate may have potential impact on the statement of Profit and Loss, Other comprehensive income and Equity, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than functional currency of the company.

The risk primarily relate to fluctuation of USD Dollar and IDR. Financial assets denominated in USD - (equivalent QAR 4,517,053), financial liability denominated in USD - (equivalent QAR 1,341,420) and in IDR - (equivalent QAR 32,891). The management closely and continuously monitors the foreign currency exchange rate fluctuations. Based on its experience and market feedback, the management does not believe it is necessary to hedge the effect of foreign exchange risks as most of the transactions of foreign currency risk is relatively limited in the medium term.

(e) Interest rate risk

Interest rate risk is the risk of changes in market interest rates affecting the overall return of the Company. The Company does not hedge its interest rate exposure. The Company's exposure to interest rate risk is limited to its bank deposits. Assuming that the deposits remain the same, the Company will benefit by QAR 11,534 (2017: QAR 11,477) with the increase of 25 bp in interest rate. In case the interest rate decreases by 25 bp the Company will incur a reduction in income by the same amount.

18. COMMITMENTS AND CONTINGENCIES

(Amount in : QAR)

	As at March 31, 2018	As at March 31, 2017
Letter of Guarantee	**1,632,855**	667,000
Total	**1,632,855**	667,000

19. RELATED PARTY TRANSACTIONS

Company's principal related parties consist of its holding company Tata Consultancy Services Limited and its holding and subsidiaries, and its key managerial personnel. The company routinely enters into transactions with its related parties in the ordinary course of business.

Transactions with related parties

(Amount in : QAR)

	With Tata Sons Limited, Ultimate Holding Company	With Tata Consultancy Services Limited, Holding company	With PT Tata Consultancy Services Indonesia Subsidiary of holding Company	With Tata America International Inc., Fellow company of holding Company	Total
For the year ended March 31, 2018					
Particulars					
Purchases of goods and services (including reimbursement)	**-**	**35,577,912**	**-**	**28,699**	**35,606,611**
Brand equity contribution	**157,000**	**-**	**-**	**-**	**157,000**
Dividend Paid	**-**	**25,000,000**	**-**	**-**	**25,000,000**
For the year ended March 31, 2017					
Particulars					
Purchases of goods and services (including reimbursement)	-	43,758,803	-	-	43,758,803
Brand equity contribution	172,068	-	-	-	172,068

Notes forming part of the Financial Statements

Balances with related parties

(Amount in : QAR)

	With Tata Sons Limited, Ultimate Holding Company	With Tata Consultancy Services Limited, Holding company	With PT Tata Consultancy Services Indonesia Subsidiary of holding Company	With Tata America International Inc., Fellow company of holding Company	Total
As at March 31, 2018					
Particulars					
Trade receivables and unbilled revenue (net) (note 4)	**-**	**370,499**	**-**	**-**	**370,499**
Other receivables (note 5 and 6)	**-**	**2,815,541**	**-**	**-**	**2,815,541**
Trade payables, unearned and deferred revenue, Other financial liabilities and Other liabilities (note 8)	**157,000**	**6,042,900**	**32,891**	**28,699**	**6,261,490**
As at March 31, 2017					
Particulars					
Trade receivables and unbilled revenue (net) (note 4)	-	206,168	-	-	206,168
Other receivables (note 5 and 6)	-	822,299	-	-	822,299
Trade Payables, Income received in advance and Advances from Customers (note 8)	172,989	6,035,282	33,862	-	6,242,133

Compensation to Key Managerial Personnel

(Amount in : QAR)

	March 31, 2018	March 31, 2017
Particulars		
Short Term Benefits	**284,660**	219,990
Post-employment benefits	**28,153**	21,757
Total	**312,813**	241,747

20. COMPARATIVE INFORMATION

The corresponding figures presented for the year ended 31 March 2017 have been reclassified where necessary to preserve consistency with the year ended 31 March 2018 figures. However, such reclassifications did not have any effect on the comprehensive income or the total equity for the year ended 31 March 2018.

DILIGENTA LIMITED

(Company's Registration Number: 05535029)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended
31 March 2018

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

CONTENT	PAGE

Registered Office

Lynch Wood
Peterborough
Cambridgeshire
PE2 6FY
Company Registration No: 05535029

BOARD OF DIRECTORS

N G Subramaniam
Chairman

D Praveen
Chief Executive Officer

N Reynolds
Chief Financial Officer

R Reid
Non Executive Director

M Arthur
Non Executive Director

Company Secretary
A Jackson

STRATEGIC REPORT

The Company has continued to successfully deliver a range of outsourcing services throughout the year. The Company is structured to share skills, knowledge and maximise the capabilities over all activities. This includes collaboration with wider group companies.

The directors are committed to explore other growth opportunities and continue to actively tender for contracts providing outsourcing services to the UK Financial Services sector.

FUTURE DEVELOPMENTS

The Company provides a range of outsourcing services to the UK Financial Services sector and this will continue to be the principal activity for the foreseeable future. The Company will also support wider group projects.

During the year ended 31 March 2018 the Company was successful in securing long term contracts to provide services to Scottish Widows and M&G Prudential. During the same period the Company also extended the services it provides to existing clients.

Revenue in the year grew to £191.8m (2017: £185.7m) helped by the commencement of the long term contracts with Scottish Widows and M&G Prudential. The revenue streams from Scottish Widows and M&G Prudential commenced in the second and fourth quarters respectively and the financial year to 31st March 2019 will see the full year impact of these contracts.

KEY PERFORMANCE INDICATORS

The number of policies administered by the Company, on behalf of its clients, is a key performance indicator because this is directly linked to revenue. During the year the number of policies being administered grew by around 7 million taking the total number of policies administered to over 17 million at the end of the year. This is set to increase further when full services for the M&G Prudential contract commence.

The Company made an after tax profit of £3.5 million for the year ended 31 March 2018 (2017: £0.9 million loss) stated after amortisation and depreciation charges for the year of £8.6 million (2017: £10.2 million). The amortisation charges relate principally to goodwill and other set-up costs incurred when the business was established.

The directors are of the opinion that there are no significant unmitigated risks affecting the Company in executing its contracts and that the Company continues to be fully supported by the infrastructure of its parent company.

The directors have completed financial forecasts including future cash flows and undertaken an extensive exercise of scenario planning, including downside sensitivities.

The Company has access to considerable committed financial resources together with long-term contracts with a number of customers and suppliers and as a consequence the directors believe that the Company is well placed to manage its business risks successfully despite the continued uncertain economic climate.

FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risk through its financial assets and liabilities. The Company does not use hedging for any type of transactions. The exposure of the Company to credit risk is managed through regular reviews of the level and age profiles of amounts outstanding.

The Company takes a robust approach towards its business risks. A risk register is maintained and reviewed regularly by the Risk, Audit and Compliance Committee. This document identifies key risks, assesses the impact and likelihood of occurrence and a mitigation plan exists for all known areas of risk.

The directors do not consider that the Company and its activities are subject to any other significant financial risk.

DONATIONS

Donations to charitable organisations amounted to £7,000 (2017: £22,500).

EMPLOYEES

The Company has an established practice of keeping employees informed of matters affecting them and the financial and economic factors affecting the performance of the Company. This is done through a comprehensive system of consultation and communication involving regular meetings between management and employees and information releases.

STRATEGIC REPORT (CONTINUED)

It is the policy of the Company that training, career development and promotion opportunities are available to all employees.

The Company is committed to providing equal opportunities to all employees irrespective of their sex, age, sexual orientation, marital status, religion, race or disability. It is the Company's policy to give positive consideration to disabled persons with respect to applications for employment, training, career development and promotion, having regard to each individual's particular aptitudes and abilities.

CREDITOR PAYMENT POLICY

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with.

Approved by the Board and signed on its behalf by:

Daniel Praveen Date:
Chief Executive Officer
Lynch Wood
Peterborough
Cambridgeshire
PE2 6FY

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report of the Company, together with the financial statements and auditor's report for the year ended 31 March 2018.

Details of the results for the year ended 31 March 2018 and the comparative previous year are set out in the financial statements and the related notes on pages below.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of a range of outsourcing services to the UK Financial Services sector.

DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2018 (2017: £nil).

DIRECTORS

The directors, who served through the year, except as noted, were as follows:

N G Subramaniam	(appointed 22 June 2017)
P Vandrevala	(resigned 30 September 2017)
D Praveen	
N Reynolds	
R Reid	
M Arthur	
V Deepti Purna Housdurgam	(resigned 13 September 2017)

DIRECTORS INDEMNITIES

The parent undertaking TCS Limited has made qualifying third party indemnity provisions for the benefit of the directors which were made during the year and remain in force at the date of this report.

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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.

KPMG LLP were appointed as auditors during the year. Following an elective resolution passed on 14 February 2007 to dispense with the annual reappointment of auditors, KPMG LLP shall be deemed to be reappointed for the next financial year in accordance with section 487 of the Companies Act 2006.

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 financial statements.

Approved by the Board and signed on its behalf by:

Daniel Praveen Date:
Chief Executive Officer
Lynch Wood
Peterborough
Cambridgeshire
PE2 6FY

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DILIGENTA LIMITED

Opinion

We have audited the financial statements of Diligenta Limited ("the company") for the year ended 31 March 2018 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland;* and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Charles le Strange Meakin (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

100 Hills Road

Cambridge

CB2 1AR

Profit and Loss Account for the year ended 31 March 2018

(£'000)

	Notes	2018	2017
Turnover	2	**191,828**	185,723
Administrative expenses		**(187,561)**	(186,960)
Operating profit / (loss)		**4,267**	(1,237)
Net interest and other charges	3	**55**	244
Profit / (loss) on activities before taxation	4	**4,322**	(993)
Tax on profit / (loss) on activities	6	**(809)**	47
Profit / (loss) for the financial year		**3,513**	(946)

See note 2 for information on continuing and discontinued operations.

The notes on pages below form an integral part of these financial statements.

Statement of Comprehensive Income for the year ended 31 March 2018

(£'000)

	Notes	2018	2017
Profit / (loss) for the financial year		**3,513**	(946)
Actuarial gain / (loss) on pension scheme	15	**1,137**	(2,015)
UK deferred tax attributable to actuarial (gain) / loss	15	**(283)**	316
Total recognised comprehensive profit / (loss) for the financial year		**4,367**	(2,645)

Balance Sheet as at 31 March 2018

(£'000)

	Notes	2018	2017
Fixed assets			
Intangible assets	7	**3,222**	4,108
Intangible assets – purchased goodwill	8	**-**	4,483
Tangible assets	9	**2,081**	4,607
Non current assets			
Debtors due after one year	11	**3,830**	2,399
Current assets			
Debtors due within one year	11	**43,317**	39,689
Investments	12	**51,000**	20,000
Cash at bank and in hand		**1,637**	16,822
		95,954	76,511
Creditors: Amounts falling due within one year	13	**(39,757)**	(30,544)
Net current assets		**56,197**	45,967
Total assets less current liabilities		**65,330**	61,564
Creditors: Amounts falling due after more than one year	14	**(614)**	(1,215)
Net assets		**64,716**	60,349
Capital and reserves			
Called up share capital	16	**1,000**	1,000
Share premium		**25,000**	25,000
Other reserves	17	**42,000**	42,000
Profit and loss account		**(3,284)**	(7,651)
Shareholders' funds attributable to equity interests		**64,716**	60,349

The financial statements were approved by the Board of Directors and authorised for issue on

They were signed on its behalf by:

Daniel Praveen
Chief Executive Officer
Company Registration No: 05535029

Neil Reynolds
Chief Financial Officer

The notes form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2018

(£'000)

	Ordinary share capital	Share premium account	Other reserves	Profit and loss account	Total shar e-holders' funds
At 1 April 2017	**1,000**	**25,000**	**42,000**	**(7,651)**	**60,349**
Other comprehensive income	**-**	**-**	**-**	**854**	**854**
Retained profit for the financial year	**-**	**-**	**-**	**3,513**	**3,513**
At 31 March 2018	**1,000**	**25,000**	**42,000**	**(3,284)**	**64,716**

Statement of Cash Flows for the year ended 31 March 2018

(£'000)

	Notes	2018	2017
Net cash inflow from operating activities	18	**17,317**	22,674
Cash flows from investing activities			
Purchase of tangible fixed assets		**(744)**	(696)
Interest received		**63**	**87**
Net cash flows from investing activities		**(681)**	(609)
Cash flows from financing activities			
Capital element of finance lease rental payments		**(812)**	(3,261)
Interest paid		**(9)**	**-**
Net cash flows from financing activities		**(821)**	(3,261)
Net increase in cash and cash equivalents		**15,815**	18,804
Cash and cash equivalents at beginning of year		**36,822**	18,018
Cash and cash equivalents at end of year		**52,637**	36,822
Reconciliation to cash at bank and in hand:			
Cash equivalents		**1,637**	16,822
Cash and cash equivalents at end of year		**51,000**	**20,000**
Cash at bank and in hand at end of year		**52,637**	**36,822**

Notes forming part of the Financial Statements

1. ACCOUNTING POLICIES

a) General information and basis of presentation

The financial statements have been prepared in accordance with Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

The Company is incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principle activities are set out in the directors' report on page 5.

b) Going Concern

The Company's business activities; together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and the Directors' Report on pages 3 to 5.

To date the Company has met its day-to-day working capital requirements from the existing investment from the shareholders.

The Company has access to considerable financial resources together with long-term contracts with a number of customers and suppliers and as a consequence the directors believe that the Company is well placed to manage its business risks successfully despite the continued uncertain economic climate.

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 financial statements.

The accounting policies presented below have been applied consistently in the current and preceding periods.

c) Goodwill, intangible assets and amortisation

Goodwill was recognised when the business transfer agreement was entered into with Pearl Group Services Limited to provide payment execution services for an initial contract period of 12 years.

Pre-contract costs principally relate to expenses incurred in setting up and transitioning the business from the business transfer agreement and to setting up and transitioning costs from further client contracts. These costs have been capitalised in line with FRS 102.

License costs relate to expenses incurred in acquiring system rights to enable the Company to operate Pearl Group Services Limited's technical line of business systems.

Software licenses represent long term license agreements which support the business activities of the Company.

Goodwill and intangible assets are being amortised on a straight-line basis over their useful economic lives as follows:

Goodwill	12 years
Pre-contract costs	10 - 12 years
License costs	4 years
Software licenses	Over the duration of license

Impairment reviews are carried out annually to review the valuation of goodwill and intangible assets. An impairment review is also carried out whenever there is an indication that goodwill or other intangible assets are impaired. Assets are impaired when there is objective evidence that as a result of one or more events that occurred after recognition, the estimated future cash flows of the investment have been affected. Provision is made for any impairment.

d) Fixed assets and depreciation

All items of capital expenditure are capitalised and depreciated on a straight-line basis over their useful economic life as follows:

Computer equipment and IT equipment	2 - 5 years
Leasehold Improvements	Over the remaining duration of the lease

e) Liquid Investments

Liquid investments are defined as liquid resources as they are readily convertible into known amounts of cash at, or close to, their carrying amounts.

Current asset investments are stated at the lower of cost and net realisable value.

f) Turnover

Turnover represents the amounts receivable for goods and services provided in the normal course of business in the United Kingdom, net of trade discounts, VAT and other sales related taxes.

Turnover is recognised for the period in which services have been delivered.

Percentage complete / long term contracts

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value. If, on the review of the performance of the contract, a loss is anticipated then the full value of this expected loss to the end of the contract is booked immediately in the income statement.

Contracts with multiple elements

Within some contracts there are multiple services to be delivered such as transformation of the existing service delivery model, transitions of processes, people or data and the delivery of administration services, which have to be undertaken over the course of the contract. In these contracts these activities are treated separately where appropriate with the relevant accounting policy for revenue recognition, as detailed previously, being applied to each individual element.

g) Taxation

Current 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.

A net deferred tax asset is regarded as recoverable and therefore 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 is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

h) Pension costs

Defined Contribution Pension Scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

Defined Benefit Pension Scheme

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is only recognised to the extent that it is recoverable by the Company.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported in the statement of comprehensive income.

Notes forming part of the Financial Statements

i) Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, whilst the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance sheet repayments outstanding. Hire purchase transactions are dealt with similarly; except that assets depreciated over their useful lives.

Rentals under operating leases are charged 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, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

j) Financial liabilities and equity

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.

k) 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.

2. TURNOVER

Turnover is attributable to the following classes of business:

(£'000)

	2018	2017
Outsourcing services – continuing business	**190,384**	183,822
Rental income – discontinued business	**1,444**	1,901
	191,828	185,723

All turnover is derived from activities in the UK.

Rental income relates to sub-leased office space and related amenities. Income is recognised on a straight-line basis over the term of the lease.

3. NET INTEREST AND OTHER CHARGES

(£'000)

	2018	2017
Bank interest receivable	**57**	85
Other finance income / (cost) (see note 15)	**7**	69
Loss on disposal of investments (see note 10)	**-**	(7,718)
Dividend income	**-**	7,808
Interest paid	**(9)**	-
	55	244

The dividend income was received in 2017 from Diligenta 2 Limited, the wholly owned subsidiary prior to the strike off of Diligenta 2 Limited.

4. PROFIT / (LOSS) ON ACTIVITIES BEFORE TAXATION

The profit / (loss) on activities before taxation is stated after charging:

(£'000)

	2018	2017
Depreciation of tangible fixed assets		
- owned assets	**2,447**	2,936
- held under finance leases and hire purchase contracts	**823**	1,651
Amortisation of intangible assets		
- goodwill	**4,483**	4,583
- pre contract costs	**313**	450
- software licence	**573**	573
Operating lease rentals		
- other	**5,482**	6,749

The remuneration of the auditor for the year in respect of statutory audit services was £54,000 (2017: £165,000). The remuneration of the auditor for the year in respect of other non audit services was as follows; tax services £nil (2017: £37,000), other professional fees £nil (2017: £7,000). All amounts exclude value added tax.

5. DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

(£'000)

	2018	2017
Wages and salaries	**68,223**	66,889
Social security costs	**6,158**	5,967
Other pension costs	**4,986**	4,901
	79,367	77,757

The average number of employees was as follows:

(No.)

	2018.	2017.
Administration	**2,686**	2,697

Directors

Remuneration in respect of directors during the year was as follows:

(£'000)

	2018	2017
Emoluments (excluding pension contributions)	**1,063**	1,182
Company contributions to money purchase pension schemes	**32**	**40**
	1,095	**1,222**

During the year, no directors (2017: none) participated in defined benefit pension schemes and two directors (2017: two) participated in money purchase pension schemes.

Notes forming part of the Financial Statements

The emoluments disclosed in the notes to these accounts are in respect of the directors with qualifying services for the Company and in relation to those directors comprises their total emoluments in respect of services to the Company.

The Company paid for £247,000 (2017: £297,000) of directors emoluments for directors employed by Tata Consultancy Services Limited ("TCS")

(£'000)

	2018	2017
Highest paid director's remuneration:		
Aggregate amount of emoluments (excluding pension contributions)	**551**	601
Pension contributions to money purchase pension schemes	**8**	17
	559	618

6. TAX ON PROFIT / (LOSS) ON ACTIVITIES

(£'000)

	2018	2017
The tax charge comprises:		
United Kingdom corporation tax	**760**	(713)
Adjustment in respect of prior years – UK corporation tax	**127**	481
Total current tax	**887**	(232)
Deferred tax		
Origination and reversal of timing differences	**(72)**	(172)
Effect of decrease in tax rate	**(10)**	358
Adjustment in respect of prior period	**4**	(1)
Total deferred tax	**(78)**	185
Total tax charge on profit on activities	**809**	(47)

The differences between total current tax shown and the amount calculated by applying the standard rate of UK corporation tax to the profit / (loss) before tax are as follows:

(£'000)

	2018	2017
Profit / (loss) on activities before tax	**4,322**	(993)
Tax on profit / (loss) on activities at standard UK corporation tax rate of 19% (2017: 20%)	**821**	(198)
Expenses not deductible for tax purposes	**36**	1,576
Non taxable income	**-**	(1,562)
Adjustments to tax charge in respect of previous periods	**131**	480
Effects of deferred tax not recognised	**(169)**	(701)
Effect of decrease in tax rate	**(10)**	358
Total tax charge for the year	**809**	(47)

On 1 April 2017, the rate of UK corporation tax was 19%. After taking account of group relief to which the Company is entitled, provisions for UK corporation tax on profit attributable to shareholders has therefore been made at the rate of 19% (2017: 20%).

Notes forming part of the Financial Statements

7. INTANGIBLE ASSETS

(£'000)

	Software License	Precontract costs	License costs	TOTAL
Cost:				
At 1 April 2017 and 31 March 2018	**6,200**	**5,162**	**705**	**12,067**
Amortisation:				
At 1 April 2017	**2,414**	**4,840**	**705**	**7,959**
Charge for the year	**573**	**313**	**-**	**886**
At 31 March 2018	**2,987**	**5,153**	**705**	**8,845**
Net book amount:				
At 31 March 2018	**3,213**	**9**	**-**	**3,222**
At 31 March 2017	3,786	322	-	4,108

Software licences have a carrying amount of £3,213,000 at 31 March 2018, licenses will continue to be amortised over the license period, the latest of which is to February 2027.

Pre-contract costs have a carrying amount of £9,000 at 31 March 2018, they will continue to be amortised until April 2018.

8. INTANGIBLE ASSETS – GOODWILL

(£'000)

	TOTAL
Purchased Goodwill	
Cost:	
At 1 April 2017 and 31 March 2018	**55,000**
Amortisation:	
At 1 April 2017	**50,517**
Charge for the year	**4,483**
At 31 March 2018	**55,000**
Net book amount:	
At 31 March 2018	**-**
At 31 March 2017	4,483

Goodwill has a carrying amount of £nil and has now been fully amortised.

9. TANGIBLE ASSETS

(£'000)

	Computer and IT equipment	Leasehold improvements	TOTAL
Cost:			
At 1 April 2017	21,559	4,152	25,711
Additions	**744**	-	**744**
Disposals	**(5,584)**	**(3,899)**	**(9,483)**
At 31 March 2018	**16,719**	**253**	**16,972**
Depreciation:			
At 1 April 2017	17,569	3,535	21,104
Charge for the year	**2,809**	**461**	**3,270**
Depreciation on disposals	**(5,584)**	**(3,899)**	**(9,483)**
At 31 March 2018	**14,794**	**97**	**14,891**
Net book amount:			
At 31 March 2018	**1,925**	**156**	**2,081**
At 31 March 2017	3,990	617	4,607

Notes forming part of the Financial Statements

The figures stated above include assets held under finance leases and similar hire purchase contracts as follows:

(£'000)

	Computer & IT Equipment
Net book amount at 31 March 2018	**275**
Net book amount at 31 March 2017	1,098
Depreciation provided in the year	**823**

10. FIXED ASSET INVESTMENTS

Diligenta Limited had a subsidiary company, Diligenta 2 Limited, which operated the same trade as the Company. The investment in Diligenta 2 Limited was £7,718,000 and was classified as a Fixed Asset Investment. The trade and assets of Diligenta 2 Limited were transferred to the Company. Subsequently Diligenta 2 Limited was struck off the company's register on 14 March 2017. The Fixed Asset Investment value is shown as a loss on disposal of investment in Note 3.

Subsidiaries and significant holdings during the year					
Name of Company	**Country of Incorporation**	**Holding**	**Type of Share**	**Proportion of Voting Rights**	**Nature of Business**
Diligenta 2 Limited	UK	100%	Ordinary	100%	Outsource provider to UK Financial Services sector

11. DEBTORS

(£'000)

Amounts falling due within one year:	**2018**	2017
Trade debtors	**1,074**	6,021
Amounts owed by group companies	**425**	1,092
Other debtors	**1,816**	1,749
Corporation tax	**-**	713
Prepayments and accrued income	**40,002**	30,114
	43,317	39,689

Included within amounts owed by group companies are amounts owed by the parent company and fellow subsidiaries.

Included in Corporation tax is an amount of £nil (2017: £713,000) which represented the planned amount of tax losses to be surrendered to TCS on a £ for £ basis.

(£'000)

Amounts falling due after more than one year:	**2018**	2017
Deferred tax asset	**2,295**	2,239
Pension asset	**1,535**	160
	3,830	2,399

Finance Act 2015, which was substantively enacted on 26 October 2015, reduced the main rate of corporation tax to 19% effective from 1 April 2017 and 18% effective from 1 April 2020. Finance Act 2016 which was substantively enacted on 15 September 2016, provides for a further reduction to the main rate of corporation tax to 17% from 1 April 2020 instead of the 18% rate above.

The Company deferred tax asset recognised relates to capital allowances in excess of fixed asset depreciation £1,919,000 (2017: £1,999,000), deferred tax asset in relation to accrued employee benefits £204,000 (2017: £128,000) and other short term timing differences £172,000 (2017: £112,000).

The Company has an unrecognised deferred tax asset of £756,000 (2017: £756,000) at a tax rate of 17% in relation to unutilised trading losses carried forward. The losses are linked to the trade and assets transferred from Diligenta 2 Limited to Diligenta Limited.

Deferred tax in respect of the Company's defined benefit pension scheme is disclosed in note 15.

12. CURRENT ASSET INVESTMENTS

(£'000)

	2018	2017
Unlisted investments:		
Liquid investments	**51,000**	20,000
	51,000	20,000

Liquid investments are deposits in a fund with daily liquidity, where the aim is to provide investors with security of capital together with an investment return which is comparable to normal Sterling-denominated money market interests rates.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

(£'000)

	2018	2017
Trade creditors	**763**	90
Amounts due to group companies	**13,220**	2,450
Corporation tax	**760**	-
Social security and other taxes	**3,793**	3,475
Other creditors	**972**	2,086
Accruals and deferred income	**20,249**	22,443
	39,757	30,544

Included within other creditors is an amount of £26,000 (2017: £1,490,000) which relates to a reduction of future rental expense.

Included within amounts owed to group companies are amounts owed to the parent company and fellow subsidiaries (see note 19).

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

(£'000)

	2018	2017
Finance leases	**268**	1,079
Other creditors	**54**	80
Deferred income	**-**	26
Deferred tax liability	**292**	30
	614	1,215

Included within other creditors is an amount of £54,000 (2017: £80,000) which relates to a reduction of future rental expense.

Borrowings are repayable as follows:

(£'000)

	2018	2017
Finance leases:		
Between one and five years	**268**	1,079

Notes forming part of the Financial Statements

15. RETIREMENT BENEFITS

Defined contribution scheme

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total cost charged to income of £4,863,000 (2017: £4,881,000) represents contributions payable to these schemes.

Defined benefit scheme

The Company operates a defined benefit pension scheme for the benefit of certain employees. The scheme is closed to new joiners. During 2007/8 certain employees transferred under Transfer of Undertaking (Protection of Employment) TUPE to TCS Limited. Therefore the pension scheme is a group scheme. As a majority of staff remained within the Company and consolidated accounts including TCS are not available in the UK, then the pension scheme has been reported fully in these financial statements.

The plan closed to future accrual on 31 March 2014 with current active members receiving a deferred pension in the plan.

The pension scheme assets are held in a separate Trustee administered fund to meet long term pension liabilities to past and present employees. The Trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of Trustees to the fund is determined by the scheme's trust documentation.

Costs and liabilities of the scheme are based on actuarial valuations. The latest full actuarial valuation was carried out as of 31 March 2015 and updated to 31 March 2018 by a qualified independent actuary.

The main assumptions used by the actuary were:

	31 March 2018 % p.a.	31 March 2017 % p.a.
Discount rate	**2.60**	2.50
Rate of increase of pensions in payment (retail prices limited to 3.50%)	**2.10**	2.20

Mortality Assumptions

The mortality assumptions has been updated based on the preliminary results of the 2012 actuarial valuation (but using a best estimate assumption) and are consistent with the previous year.

Expected Lifetime at 31 March 2018

The expected lifetime of a participant who is age 60 and the expected lifetime (from age 60) of a participant who will be aged 60 in 15 years are shown in years below:

Age	**Males**	**Females**
60	26.3	28.3
60 in 15 years	27.5	29.7

The amounts charged within the operating profit were:

(£'000)

	2018	2017
Current scheme expenses	**123**	100
Total	**123**	100

Other finance cost comprises:

(£'000)

	2018	2017
Interest on plan liabilities	**819**	893
Expected return on assets in the plan	**(826)**	(962)
Total	**(7)**	(69)

15. RETIREMENT BENEFITS (continued)

The amount recognised in the statement of comprehensive income is:

(£'000)

	2018	2017
Actual return less expected return on pension scheme assets	(110)	5,278
Change in the assumptions underlying the present value of the scheme liabilities	1,247	(7,293)
Total before adjustment for tax	1,137	(2,015)
Adjustment for tax	(283)	316
Total gain / (loss) recognised in the statement of comprehensive income	854	(1,699)

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income since the pension scheme creation is £2,922,000 (2017: £2,068,000).

The amount included in the balance sheet arising from the Company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

(£'000)

	2018	2017
Fair value of assets	33,390	33,426
Present value of scheme liabilities	(31,855)	(33,266)
Net pension asset	1,535	160

The movement in the present value of defined benefit obligations during the year was as follows:

(£'000)

	2018	2017
Plan liabilities at the beginning of the year	33,266	25,947
Interest costs	819	893
Actuarial (gain) / loss on liabilities	(1,247)	7,293
Benefits paid from plan assets	(983)	(867)
Plan liabilities at the end of the year	31,855	33,266

The movement in the fair value of scheme assets during the year was as follows:

(£'000)

	2018	2017
Fair value of assets at the beginning of the year	33,426	27,799
Actual return on assets	593	6,140
Employer contributions	354	354
Benefits paid	(983)	(867)
Fair value of assets at the end of the year	33,390	33,426

The analysis of the scheme assets at the balance sheet date was as follows:

(£'000)

	Fair value of assets	
	2018	2017
Bonds	5,409	5,075
Cash	99	1,365
Diversified Growth Funds	13,431	12,929
Liability Driven Investment	14,451	14,057
Total	33,390	33,426

Notes forming part of the Financial Statements

15. RETIREMENT BENEFITS (continued)

(£'000)

Movement in related deferred tax (liability)	**2018**	2017
Related deferred tax (liability) at start of year	**(30)**	(352)
Recognised through profit & loss account	**22**	6
Recognised through statement of comprehensive income	**(283)**	316
Related deferred tax (liability) at end of year	**(291)**	(30)

The movement in the surplus during the year was:

(£'000)

	2018	2017	2016
Surplus / (deficit) in the plan at the beginning of the year	**160**	1,852	(1,327)
Current service costs	**(123)**	(100)	(79)
Contributions paid	**354**	354	354
Other finance income	**7**	69	(39)
Actuarial gain / (loss)	**1,137**	(2,015)	2,943
Surplus in the plan at the end of the year	**1,535**	160	1,852

16. CALLED UP SHARE CAPITAL

(£'000)

Equity shares	**2018**	2017
Authorised capital		
Ordinary shares 2,000,000 of £1 each	**2,000**	2,000
Redeemable preference shares 50,000,000 of £1 each	**50,000**	50,000
Allocated, called up and fully paid		
Ordinary shares 1,000,001 of £1 each	**1,000**	1,000

The preference shares are classified as an equity instrument. Redemption and dividends are always at the option of the directors. No other events change this right. Preference share holders are entitled to a preferential cumulative fixed 10% cash dividend out of the available profits of the Company at the directors' discretion. The preference shares are redeemable at par at the directors' discretion. Preference shareholders have the right on a winding up to receive, in priority to any other class of share, the sum of £1 per share together with any arrears of dividends. Holders of preference shares have the right to attend but not to vote at any general meetings.

17. OTHER RESERVES

Other reserves of £42,000,000 (2017: £42,000,000) relates to a capital redemption reserve following the redemption preference shares in previous years. This is a non – distributable reserve.

18. RECONCILIATION OF OPERATING PROFIT / (LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

(£'000)

	2018	2017
Operating profit / (loss)	**4,267**	(1,237)
Adjustments for:		
Amortisation	**5,369**	5,606
Depreciation	**3,270**	4,587
Operating cash flow before movement in working capital	**12,906**	8,956
(Increase) / decrease in debtors	**(4,346)**	25,747
Increase / (decrease) in creditors	**8,402**	(13,901)
Adjustment for pension funding	**(231)**	(254)
Cash generated by operations	**16,731**	20,548
Taxation paid	**-**	-
Taxation received	**586**	2,126
Net cash inflow from operating activities	**17,317**	22,674

During the year the Company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the lease of £nil (2017: £302,000).

19. FINANCIAL COMMITMENTS

The Company had annual commitments under non-cancellable operating leases relating to land and buildings, as set out below:

Total future minimum lease payments under non-cancellable operating leases are as follows:

(£'000)

	2018	2017
Within one year	**3,298**	4,992
Between one and five years	**9,009**	2,002
After five years	-	-

At the balance sheet date, the company had contracted with sub-tenants for the following future minimum lease payments:

(£'000)

	2018	2017
Within one year	**-**	1,410
Between one and five years	**-**	-
After five years	**-**	-

The rental income trade is discontinued in the year.

Notes forming part of the Financial Statements

20. RELATED PARTY TRANSACTIONS

TCS Limited and its subsidiaries are related parties of the Company due to their holding in its ordinary share capital and 100% of the issued preference share capital. All transactions are conducted on normal commercial terms as follows:

(£'000)

	2018	2017
Services received from TCS Limited	**34,851**	33,793
Services provided to TCS Limited	**2,802**	5,988
Expenses recharged to TCS Limited	**(1,492)**	(2,152)
Expenses recharged by TCS Limited	**2,283**	2,413
Amounts due from TCS Limited	**425**	1,092
Amounts owed to TCS Limited	**13,218**	2,450

Tata Consultancy Services Deutschland GmbH ("TCSDG") is a fellow subsidiary of TCS Limited. The following transactions and balances are all conducted on an arms length basis.

(£'000)

	2018	2017
Expenses recharged to TCSDG Limited	**-**	1
Amounts due from TCSDG Limited	**-**	1

Tata Communications Limited ("TCOM") is a fellow subsidiary of TCS Limited. The following transactions and balances are all conducted on an arms length basis.

(£'000)

	2018	2017
Services received from TCOM	**264**	267
Amounts owed to TCOM Limited	**2**	-

21. SUBSEQUENT EVENTS

There were no subsequent events that need disclosure.

22. PARENT UNDERTAKINGS

The Company's immediate parent undertaking and controlling entity is Tata Consultancy Services Limited, a company incorporated in India which is registered as a foreign company in the United Kingdom. The registered office is 9th Floor, Nirmal Building, Nariman Point, Mumbai, 400 021, India. The Company's ultimate parent undertaking and controlling entity is Tata Sons Limited whose registered office is Bombay House, 24 Homi Mody Street, Mumbai, 400 001, India. The smallest and largest company accounts in which these results are consolidated are TCS and Tata Sons Limited respectively.

CMC Americas, Inc

(Reg 72-1196796)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended March 31,2018

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

CONTENT	PAGE

Independent Auditor's Report

TO THE BOARD OF DIRECTORS OF
CMC AMERICAS, INC.

Report on the Special Purpose Ind AS Financial Statements

We have audited the accompanying Special Purpose Ind AS financial statements of CMC Americas, Inc. ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the Ind AS financial statements'). The Special Purpose Ind AS financial statements have been prepared by the management as described in Note 2(a) to the Special Purpose Ind AS financial statements.

Management's Responsibility for the Special Purpose Ind AS Financial Statements

Management is responsible for the preparation of these Special Purpose Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ('the Act') as described in Note 2(a) to the Special Purpose Ind AS financial statements.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Special Purpose Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder, to the extent applicable.

We conducted our audit of the Special Purpose Ind AS financial statements in accordance with the Standards on Auditing specified under subsection 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Special Purpose Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Special Purpose Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Special Purpose Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Special Purpose Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's management, as well as evaluating the overall presentation of the Special Purpose Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view of the state of affairs of the Company as at 31 March 2018 and its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date in accordance with the basis of accounting described in Note 2(a) to the Special Purpose Ind AS financial statements.

Basis of Accounting and Restriction on Use

We draw attention to Note 2(a) to the Special Purpose Ind AS financial statements, which describes the basis of accounting. The Special Purpose Ind AS financial statements are prepared to assist the holding Company, Tata Consultancy Services Limited, to comply with the requirements of Section 129(3) of the Act. As a result the Special Purpose Ind AS financial statements may not be suitable for any other purpose.

Our opinion on the Special Purpose Ind AS financial statements is not modified in respect of the above matter.

Other Matter

Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 1 June 2017 on the Ind AS financial statements of the Company for the year ended 31 March 2017.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
May 15, 2018

Balance Sheet

(USD)

	Note	As at March 31, 2018	As at March 31, 2017
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	**-**	-
(b) Financial assets			
(i) Investments in subsidiary	5	**10**	10
(c) Income tax asset (net)		**1,317,426**	-
(d) Deferred tax assets (net)	8	**14,000**	34,000
Total non-current assets		**1,331,436**	34,010
Current assets			
(a) Financial assets			
(i) Trade receivables	10	**8,526,842**	10,547,220
(ii) Unbilled revenue		**116,892**	203,201
(iii) Cash and cash equivalents	11	**14,087,049**	25,703,036
(iv) Other balances with banks	11(A)	**875,000**	875,000
(v) Loans	6	**27,423**	10,511
(vi) Other financial assets	7	**14,997**	10,272
(b) Other assets	9	**129,148**	369,924
Total current assets		**23,777,351**	37,719,164
TOTAL ASSETS		**25,108,787**	37,753,174
II. EQUITY AND LIABILITIES			
Equity			
(a) Share capital	12	**1,600,010**	1,600,010
(b) Other equity	13	**9,252,933**	23,756,648
Total Equity		**10,852,943**	25,356,658
Current liabilities			
(a) Financial liabilities			
(i) Trade and other payables	14	**13,200,423**	10,823,272
(ii) Other financial liabilities	15	**291,439**	590,690
(b) Unearned and deferred revenue		**44,652**	170,549
(c) Income tax liabilities(net)		**598,388**	361,778
(d) Employee benefit obligation		**56,970**	449,014
(e) Other liabilities	16	**63,972**	1,213
Total current liabilities		**14,255,844**	12,396,516
TOTAL EQUITY AND LIABILITIES		**25,108,787**	37,753,174

NOTES FORMING PART OF FINANCIAL STATEMENTS 1-28

As per our report attached

For BSR & Co. LLP
Chartered Accountants
Firm's registration no.: 101248W/W-100022

For and on behalf of the Board of Directors

Rajesh Mehra
Partner

V Suryakant
Director

Latesh Sewani
Director

Place: Mumbai
Date: May 15, 2018

Place: NJ,USA
Date:May 15, 2018

Place: NJ,USA
Date:May 15, 2018

Statements of Profit and Loss Account and Other Comprehensive Income

(In USD, except shares data)

	Note	Year ended March 31,2018	Year ended March 31,2017
I. Revenue from operations			
Information technology services		**39,097,170**	50,358,899
II. Other income (net)	17	**5,837**	22,504
III. TOTAL INCOME		**39,103,007**	50,381,403
IV. Expenses:			
(a) Employee benefit expenses	18	**11,464,903**	13,927,159
(b) Other operating expenses	19	**19,543,903**	27,746,777
(c) Finance costs	20	**-**	2,907
(d) Depreciation expense		**-**	1,205
TOTAL EXPENSES		**31,008,806**	41,678,048
V. PROFIT BEFORE TAX (III-IV)		**8,094,201**	8,703,355
VI. Tax expense:			
(a) Current tax	8	**2,577,916**	3,314,946
(b) Deferred tax		**20,000**	9,000
TOTAL TAX EXPENSES		**2,597,916**	3,323,946
VII. PROFIT FOR THE PERIOD		**5,496,285**	5,379,409
VIII. OTHER COMPREHENSIVE INCOME			
Items that will / will not be reclassified subsequently to the Statement of Profit or Loss:		**-**	-
TOTAL OTHER COMPREHENSIVE INCOME NET OF TAXES		**-**	-
IX. TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,496,285**	5,379,409
X. Earnings per equity share :- Basic and diluted (USD)	21	**0.03**	0.03
Weighted average number of equity shares (face value of USD 0.01 each)		**160,001,000**	160,001,000

NOTES FORMING PART OF FINANCIAL STATEMENTS 1-28

As per our report attached

For BSR & Co. LLP
Chartered Accountants
Firm's registration no.: 101248W/W-100022

For and on behalf of the Board of Directors

Rajesh Mehra
Partner

Place: Mumbai
Date: May 15, 2018

V Suryakant
Director

Place: NJ,USA
Date:May 15, 2018

Latesh Sewani
Director

Place: NJ,USA
Date:May 15, 2018

Statements of Changes In Equity

A. EQUITY SHARE CAPITAL

(USD)

Balance as of April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
1,600,010	-	1,600,010

(USD)

Balance as of April 1, 2017	**Changes in equity share capital during the year**	**Balance as at March 31, 2018**
1,600,010	**-**	**1,600,010**

B. OTHER EQUITY

(USD)

	Reserves and surplus		
	General reserve	**Retained earning**	**Total Equity**
Balance as at April 1, 2016	504,471	17,872,768	18,377,239
Profit for the year	-	5,379,409	5,379,409
Other comprehensive income	-	-	-
Total Comprehensive income	504,471	23,252,177	23,756,648
Balance as at March 31, 2017	504,471	23,252,177	23,756,648
Balance as at April 1, 2017	**504,471**	**23,252,177**	**23,756,648**
Profit for the year	**-**	**5,496,285**	**5,496,285**
Dividend	**-**	**(20,000,000)**	**(20,000,000)**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive income	**504,471**	**8,748,462**	**9,252,933**
Balance as at March 31, 2018	**504,471**	**8,748,462**	**9,252,933**

NOTES FORMING PART OF FINANCIAL STATEMENTS 1-28

For BSR & Co. LLP
Chartered Accountants
Firm's registration no.: 101248W/W-100022

For and on behalf of the Board of Directors

Rajesh Mehra
Partner

V Suryakant
Director

Latesh Sewani
Director

Place: Mumbai
Date: May 15, 2018

Place: NJ,USA
Date:May 15, 2018

Place: NJ,USA
Date:May 15, 2018

Statements of Cash Flows

(USD)

	Year ended March 31, 2018	Year ended March 31, 2017
I. Cash flows from operating activities:		
Profit for the year	**5,496,285**	5,379,409
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation expense	**-**	1,205
Interest expense	**-**	2,907
Income tax expense	**2,597,916**	3,323,946
Operating profit before working capital changes	**8,094,201**	8,707,467
Net change in:		
Trade receivables	**2,020,378**	18,233,662
Unbilled revenues	**86,309**	2,223,982
Loans and other financial assets	**(21,637)**	409,920
Other assets	**240,777**	501,183
Trade and other payables	**2,377,151**	(12,756,171)
Other financial liabilities	**(299,251)**	590,690
Unearned and deferred revenues	**(125,897)**	(300,014)
Employee benefit obligation	**(392,044)**	(97,798)
Other liabilities	**62,759**	(8,916,534)
Cash generated from operations	**12,042,746**	8,596,387
Taxes paid	**(3,658,733)**	(3,711,456)
Net cash provided by operating activities	**8,384,013**	4,884,931
II. Cash flows from investing activities:		
Net cash used in investing activities	**-**	-
III. Cash flows from financing activities:		
Dividend paid	**(20,000,000)**	-
Interest paid	**-**	(2,907)
Net cash used in financing activities	**(20,000,000)**	(2,907)
Net change in cash and cash equivalents	**(11,615,987)**	4,882,024
Cash and cash equivalents, beginning of the year	**25,703,036**	20,821,012
Cash and cash equivalents, end of the year	**14,087,049**	25,703,036

NOTES FORMING PART OF FINANCIAL STATEMENTS 1-28

For BSR & Co. LLP
Chartered Accountants
Firm's registration no.: 101248W/W-100022

Rajesh Mehra
Partner

Place: Mumbai
Date: May 15, 2018

For and on behalf of the Board of Directors

V Suryakant
Director

Place: NJ,USA
Date:May 15, 2018

Latesh Sewani
Director

Place: NJ,USA
Date:May 15, 2018

Notes forming part of the Financial Statements

1. CORPORATE INFORMATION

CMC Americas, Inc. (the "Company") is incorporated in the State of Delaware, United States of America (USA) and is a wholly owned subsidiary of Tata Consultancy Services Limited, a Company incorporated in India. Tata Sons Limited is the ultimate holding company. During the year ended 31 March, 2011, the Company has set up wholly owned subsidiary, CMC eBiz Inc., in the State of Delaware, United States of America. The main object of the Company is to execute IT and ITES projects. The Company derives its revenues mainly in USA.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on May 15, 2018

2. SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These 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. These financial statements have been prepared to assist the Holding Company (Tata Consultancy Services Limited) to comply with the requirements of section 129(3) of the Companies Act, 2013.

b. Basis of preparation

These Ind AS financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian accounting standard) rules, 2015 read with section 133 of the Act.

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.

c. Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

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.

Key source 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, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, financial instruments and provisions and contingent liabilities have been discussed below. Key source of estimation of uncertainty in respect of revenue recognition, employee benefits and financial instruments have been discussed in their respective policies.

Impairment of investments

The Company reviews its carrying value of investments carried at amortised 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.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2(h).

Fair value measurement of financial instruments

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

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable than 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. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

d. Revenue recognition

Revenue is recognised on time and material and unit priced contracts. Revenue from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Revenue on unit priced/fixed priced contracts is recognised as the related services are rendered or the related obligation is performed.

Unbilled revenue represents revenue recognised for services already rendered or related obligations.

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

Revenue is reported net of discounts, indirect and service taxes.

Dividend is recorded when the right to receive payment is established.

Interest income is recognised using the effective interest method.

e. Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term, unless the lease agreement explicitly states that increase is on account of inflation.

f. Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the company are broadly categorised in employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses majorly include fees to external consultants, cost of running its facilities, travel expenses, project expenses, communication costs, allowances for doubtful trade receivables and advances, bad debts and advances written off and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment, etc.

g. Foreign currency

The functional and reporting currency of the Company is United States Dollar (USD).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

h. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and 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.

Notes forming part of the Financial Statements

Current income taxes

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the Company is able to and 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 assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences 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 Company intends to settle current tax assets and liabilities on a net basis.

i. 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.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

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

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 on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or 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.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

j. Investment in subsidiaries

Investment in subsidiaries are carried at cost less impairment, if any.

k. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on straight line basis so as to expense the cost over their estimated useful lives. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Type of asset	Method	Useful Lives
Computer Equipment	Straight line method	3 years
Furniture and fixture	Straight line method	4 years

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

l. Impairment

i. Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, 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 is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii. Non-financial assets

Tangible assets

Property, plant and equipment 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.

m. Employee benefits

i. Defined contribution plans

The Company has savings and Investment Plan under Section 401 (k) of the Internal Revenue Code. This is a defined contribution plan where employees above the age of 21 years, having completed one year of service may

Notes forming part of the Financial Statements

choose to contribute up to 100% of their compensation or amounts as specified from time to time, whichever is lower. The Company makes a contribution equal to 50% of the employee's contribution, up to a maximum of 3% of the employee's annual compensation. Contribution to this plan is charged to Statement of Profit and Loss in the period in which they accrue.

ii. Compensated absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the date of statement of financial position. 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 recognised as an actuarially determined liability at the present value of the obligation at the balance sheet date.

n. Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.

3. RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate Affairs ("MCA") notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 where by it notified the following new / amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115	Revenue from Contracts with Customers
Ind AS 21	The effect of changes in Foreign Exchange rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue and Ind AS 11 Construction Contracts when it becomes effective.

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

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

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying Ind AS 115 is recognized as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(USD)

	Computer equipment	Furniture and Fixtures	Total
Cost as at April 1,2017	**58,833**	**55,119**	**113,952**
Additions	**-**	**-**	**-**
Disposals	**(38,355)**	**(55,119)**	**(93,474)**
Cost as at March 31,2018	**20,478**	**-**	**20,478**
Accumulated depreciation as at April 1,2017	**(58,833)**	**(55,119)**	**(113,952)**
Eliminated on disposals of assets	**38,355**	**55,119**	**93,474**
Depreciation expense	**-**	**-**	**-**
Accumulated depreciation as at March 31,2018	**(20,478)**	**-**	**(20,478)**
Net carrying amount as at Mar 31,2018	**-**	**-**	**-**

(USD)

	Computer equipment	Furniture and Fixtures	Total
Cost as at April 1, 2016	58,833	55,119	113,952
Additions	-	-	-
Disposals	-	-	-
Cost as at March 31, 2017	58,833	55,119	113,952
Accumulated depreciation as at April 1, 2016	(58,497)	(54,250)	(112,747)
Eliminated on disposals of assets	-	-	-
Depreciation expense	(336)	(869)	(1,205)
Accumulated depreciation as at March 31, 2017	(58,833)	(55,119)	(113,952)
Net carrying amount as at Mar 31, 2017	-	-	-

5. INVESTMENTS

Non-Current Investments consist of the following:

(USD)

	As at March 31, 2018	As at March 31, 2017
Investment in subsidiary		
Investment in fully paid up equity instruments of USD 0.01 each in wholly own subsidiary CMC e-Biz Inc., USA	**10**	10
	10	10

Notes forming part of the Financial Statements

6. LOANS (UNSECURED)

Loans (unsecured) consist of the following:

Short term loans (Unsecured)- Current

(USD)

	As at March 31, 2018	As at March 31, 2017
Considered good		
Loans and advances to employees	**27,423**	10,511
	27,423	10,511

7. OTHER FINANCIAL ASSETS

Other financial assets consist of the following:

Financial assets - Current

(USD)

	As at March 31, 2018	As at March 31, 2017
Security deposits	**10,272**	10,272
Interest receivable	**4,725**	-
	14,997	10,272

8. INCOME TAXES

The income tax expense consists of the following:

(USD)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Current tax expense	**2,577,916**	3,314,946
(b) Deferred tax expense	**20,000**	9,000
Total income tax expense recognised in current year	**2,597,916**	3,323,946

The reconciliation of estimated income tax expense at United States of America statutory income tax rate to income tax expense reported in statement of profit or loss and other comprehensive income is as follows:

(USD)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit before income taxes	**8,094,201**	8,703,355
Income tax rate*	**31.55%**	35.00%
Expected income tax expense	**2,553,720**	3,046,174
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income taxed at a different rate	**202,698**	173,247
Tax pertaining to prior years	**(159,653)**	105,778
Others (net)	**1,151**	(1,253)
Total income tax expense	**2,597,916**	3,323,945

Significant components of net deferred tax assets for the year ended March 31, 2018 are as follows:

(USD)

Deferred tax assets	Opening Balance	Recognised in Statement of Profit or Loss	Recongnised in/reclassified from comprehensive income	Closing Balance
Employee benefits	**34,000**	**(20,000)**	**-**	**14,000**
	34,000	**(20,000)**	**-**	**14,000**

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

(USD)

Deferred tax assets	Opening Balance	Recognised in Statement of Profit or Loss	Recongnised in/reclassified from other comprehensive income	Closing Balance
Employee benefits	43,000	(9,000)	-	34,000
	43,000	(9,000)	-	34,000

* On December 22, 2017, H.R. 1, originally known as the "Tax Cuts and Jobs Act" was signed into law ("US Tax Reforms"). The law provides for a federal tax rate reduction from a maximum rate of 35% to a flat rate of 21% with effect from January 1, 2018. The tax rate change does not have any significant impact on the taxes of the Company.

9. OTHER ASSETS

Other assets consist of the following:

Other assets - Current

(USD)

	As at March 31, 2018	As at March 31, 2017
Considered good		
Prepaid expenses	**31,045**	307,942
Advance to suppliers	**62,837**	61,982
Recoverable expenses - balance with related party	**11,818**	-
Other advances	**23,448**	-
	129,148	369,924

10. TRADE RECEIVABLES (UNSECURED)

Trade receivables (unsecured) consist of the following:

(USD)

	As at March 31, 2018	As at March 31, 2017
(a) Considered good	**8,526,842**	10,547,220
(b) Considered doubtful	**24,235**	-
	8,551,077	10,547,220
Less : Allowance for doubtful trade receivables	**(24,235)**	-
	8,526,842	10,547,220

The above balances of trade receivables include balances with related parties. (Refer Note 26)

Notes forming part of the Financial Statements

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

(USD)

	As at March 31, 2018	As at March 31, 2017
(a) Balances with banks		
In current accounts	**14,087,049**	25,588,520
(b) Remittances in transit	**-**	114,516
	14,087,049	25,703,036

11A. OTHER BALANCES WITH BANKS

Other bank balances consists of the following:

(USD)

	As at March 31, 2018	As at March 31, 2017
(a) Earmarked balances with banks	**875,000**	875,000
	875,000	875,000

Earmarked balances with banks significantly pertains to performance gurantee given to customer.

12. SHARE CAPITAL

The authorised, issued, subscribed and fully paid-up share capital comprises of:

(In USD, except shares data)

	As at March 31, 2018	As at March 31, 2017
(a) Authorised :		
Equity share capital 200,000,000 equity shares of USD 0.01 each *(As at March 31,2017 200,000,000 equity shares of USD 0.01 each)*	**2,000,000**	2,000,000
	2,000,000	2,000,000
(b) Issued, Subscribed and Paid up:		
Equity share capital 160,001,000 equity shares of USD 0.01 each *(As at March 31,2017 160,001,000 equity shares of USD 0.01 each)*	**1,600,010**	1,600,010
	1,600,010	1,600,010

(i) Reconciliation of number of shares:

(USD)

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Opening balance	**160,001,000**	**1,600,010**	160,001,000	1,600,010
Changes during the year	**-**	**-**	-	-
Closing balance	**160,001,000**	**1,600,010**	160,001,000	1,600,010

(ii) Rights, preferences and restrictions attached to shares

Equity shares

The Company has one class of equity shares having a par value of USD 0.01 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Shares held by holding company, its subsidiaries and associates

160,001,000 equity shares (100%) of USD 0.01 each (March 31, 2017: 160,001,000 equity shares (100%) of USD 0.01 each) are held by Tata Consultancy Services Limited, the holding company. Tata Sons Limited is the ultimate holding company.

(iv) The Company does not have an employee stock option plan and no shares are reserved for issue under any such plan or for any contractual commitments.

13. OTHER EQUITY

Other equity consist of the following:

(USD)

	As at March 31, 2018	As at March 31, 2017
(a) General reserve		
(i) Opening balance	**504,471**	504,471
(ii) Transferred from retained earnings	**-**	
	504,471	504,471
(b) Retained earnings		
(i) Opening balance	**23,252,177**	17,872,768
(ii) Profit for the period	**5,496,285**	5,379,409
	28,748,462	23,252,177
(iii) Less : Appropriations		
(a) Dividend on equity shares	**(20,000,000)**	-
	8,748,462	23,252,177
	9,252,933	23,756,648

14. TRADE PAYABLES

(USD)

	As at March 31, 2018	As at March 31, 2017
Trade and other payables	**12,830,023**	8,144,690
Accrued expenses	**370,400**	2,678,582
	13,200,423	10,823,272

The above balances of trade payables include balances with related parties. (Refer Note 26)

15. OTHER FINANCIAL LIABILITIES

(USD)

	As at March 31, 2018	As at March 31, 2017
(a) Accrued payroll	**291,439**	590,690
	291,439	590,690

Notes forming part of the Financial Statements

16. OTHER LIABILITIES

Other current liabilities consist of the following:

(USD)

	As at March 31, 2018	As at March 31, 2017
(a) Indirect tax payable and other statutory lilibilities	**51,210**	1,213
(b) Others	**12,762**	-
	63,972	1,213

17. OTHER INCOME (NET)

Other income (net) consist of the following:

(USD)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Net Interest income	**7,434**	20,558
(b) Net foreign exchange loss	**(2,000)**	(53)
(c) Miscellaneous income	**403**	1,999
	5,837	22,504
Interest income comprise :		
Interest on bank deposits	**7,434**	20,529
Others	**-**	29

18. EMPLOYEE BENEFITS EXPENSES

Employee benefits expenses consist of the following:

(USD)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Salaries, incentives and allowances	**10,184,528**	10,990,019
(b) Contributions to 401(k) and other plans	**729,070**	1,013,011
(c) Staff welfare expenses	**551,305**	1,924,129
	11,464,903	13,927,159

19. OTHER OPERATING EXPENSES

Other operating expenses consist of the following:

(USD)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Fees to external consultants	**774,321**	4,404,403
(b) Sub-contracting cost	**18,004,920**	22,677,859
(c) Facility running expenses	**29,131**	53,050
(d) Travel expenses	**545,904**	364,518
(e) Communication expenses	**34,536**	97,617
(f) Bad debts and advances written off, provision for trade receivable and advances (net)	**24,235**	-
(g) Other expenses	**130,856**	149,330
	19,543,903	27,746,777

20. FINANCE COST

Finance cost consist of the following:

(USD)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest expenses	-	2,907
	-	2,907

21. EARNINGS PER SHARE (EPS):

(USD)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit for the year	5,496,285	5,379,409
Amount available for equity shareholders (USD)	5,496,285	5,379,409
Weighted average number equity shares	160,001,000	160,001,000
Total weighted average number of equity shares	160,001,000	160,001,000
Earning per share basic and diluted (USD)	0.03	0.03
Face value per equity share (USD)	0.01	0.01

22. LEASE:

The Company does not have any non-cancellable operating lease and hence there are no committed lease payments.

23. FINANCIAL INSTRUMENTS:

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(i) to the financial statements.

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2018 is as follows:

(USD)

	Fair value through profit or loss	Amortised cost	Total carrying value
Financial assets:			
Cash and cash equivalents	-	14,087,049	14,087,049
Bank deposits & ear-marked bank balances	-	8,75,000	8,75,000
Trade receivables	-	8,526,842	8,526,842
Unbilled revenue	-	116,892	116,892
Loan	-	27,423	27,423
Other financial assets	-	14,997	14,997
Total	-	23,648,203	23,648,203
Financial liabilities:			
Trade and other payables	-	13,200,423	13,200,423
Other financial liabilities	-	291,439	291,439
Total	-	13,491,862	13,491,862

Notes forming part of the Financial Statements

The carrying value of financial instruments by categories as at March 31, 2017 is as follows:

(USD)

	Fair value through profit or loss	Amortised cost	Total carrying value
Financial assets:			
Cash and cash equivalents	-	25,703,036	25,703,036
Bank deposits & ear-marked bank balances	-	875,000	875,000
Trade receivables	-	10,547,220	10,547,220
Unbilled revenue	-	203,201	203,201
Loans	-	10,511	10,511
Other financial assets	-	10,272	10,272
Total	-	37,349,240	37,349,240
Financial liabilities:			
Trade and other payables	-	10,823,272	10,823,272
Other financial liabilities	-	590,690	590,690
Total	-	11,413,962	11,413,962

(b) Financial risk management

The Company is exposed primarily to credit risk, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities.

i. 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 interest rate, credit and liquidity risk.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of 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 entity.

The Company does not have any exposure to foreign currency assets and liabilities as of March 31, 2018.

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.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was USD 23,648,203 and USD 37,349,240 as of March 31, 2018 and March 31, 2017 respectively being the total of the carrying amount of cash and cash equivalents, trade receivable, unbilled revenue, loans and other financial assets. Cash and cash equivalents are held with banks with high credit ratings. As of March 31, 2018, there were no indications that any defaults will occur on trade receivable, unbilled revenues, loans or other financial assets.

The Company's exposure to customers is diversified. Single customers which aggregates to more than 10 % of outstanding accounts receivable and unbilled revenues as of March 31, 2018 and March 31, 2017 respectively are as follows:

(USD)

	As of March 31, 2018		As of March 31, 2017	
	Total trade receivable and unbilled revenue	**%**	Total trade receivable and unbilled revenue	%
Customer D	**2,207,814**	**26%**	-	0%
Customer A	**2,490,680**	**29%**	4,632,537	43%
Customer B	**1,377,831**	**16%**	2,083,413	19%
Customer C	**539,669**	**6%**	1,273,213	12%

The Company's cash and cash equivalents are held in the United States of America.

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 consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(USD)

March 31, 2018	**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	**13,200,423**	**-**	**-**	**-**	**13,200,423**
Other financial liabilities	**291,439**	**-**	**-**	**-**	**291,439**
Total	**13,491,862**	**-**	**-**	**-**	**13,491,862**

(USD)

March 31, 2017	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	10,823,272	-	-	-	10,823,272
Other financial liabilities	590,690	-	-	-	590,690
Total	11,413,962	-	-	-	11,413,962

iv. Interest rate risk

The Company's investments are primarily in fixed rate interest bearing investments. Hence the Company is not significantly exposed to interest rate risk.

24. EMPLOYEE BENEFITS PLAN

a. Defined contribution plans

The Company has a 401(k) plan with profit sharing feature. Eligible employees may elect to defer up to 50% of their total compensation each year, not to exceed the annual limitations established by the Internal Revenue Code. The Company's contributions were USD 152,186 and USD 158,744 for the years ended March 31, 2018 and March 31, 2017 respectively.

b. Compensated absences

During the year the number of employees have reduced substantially, hence the resulting liability for compensated absences has been determined on actual basis.

Notes forming part of the Financial Statements

25. SEGMENTS REPORTING

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 are the Board of Directors.

The Company has identified business segments (industry practice) as reportable segments. The business segments comprise: 1) Manufacturing, 2) Retail and Consumer business 3) Communication, Media and Technology 4) S-Governance 5) Others e.g. – Banking, Financial Services and Insurance, Life Sciences & Healthcare, Energy & Utilities etc.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Property, plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

Summarised segment information for the year ended March 31, 2018 is as follows:

Year ended March 31, 2018 (USD)

	Business Segments					
Particulars	**Manufacturing**	**Retail and Consumer Business**	**Communication Media and Technology**	**S-Governance**	**Others**	**Total**
Revenue	**22,650,960**	**8,755,354**	**3,273,157**	**4,347,472**	**70,227**	**39,097,170**
Segment result	**2,230,950**	**3,877,964**	**590,562**	**1,365,094**	**23,794**	**8,088,364**
Total Unallocable expenses						**-**
Operating income						**8,088,364**
Other income (net)						**5,837**
Profit before tax						**8,094,201**
Current Tax						**2,577,916**
Deferred Tax						**20,000**
Net profit						**5,496,285**

As at March 31, 2018 (USD)

	Business Segments					
	Manufacturing	**Retail and Consumer Business**	**Communication Media and Technology**	**S-Governance**	**Others**	**Total**
Segment assets:						
Allocable assets	**6,139,445**	**869,176**	**261,395**	**400,051**	**973,667**	**8,643,734**
Unallocable assets	**-**	**-**	**-**	**-**	**-**	**16,465,053**
Total assets	**-**	**-**	**-**	**-**	**-**	**25,108,787**
Segment liabilities						
Allocable liabilities	**44,652**	**-**	**-**	**-**	**-**	**44,652**
Unallocable liabilities	**-**	**-**	**-**	**-**	**-**	**14,211,192**
Total liabilities	**-**	**-**	**-**	**-**	**-**	**14,255,844**

Notes forming part of the Financial Statements

Summarised segment information for the year ended March 31, 2017 is as follows:

Year ended March 31, 2017 (USD)

Particulars	Business Segments					
	Manufacturing	Retail and Consumer Business	Communication Media and Technology	S-Governance	Others	Total
Revenue	27,282,536	7,994,013	6,625,914	4,320,981	4,135,455	50,358,899
Segment result	3,002,725	3,174,064	607,138	1,348,131	552,904	8,684,962
Total Unallocable expenses						1,205
Operating income						8,683,758
Other income (net)						19,597
Profit before tax						8,703,355
Current Tax						3,314,946
Deferred Tax						9,000
Net profit						5,379,409

As at March 31, 2017 (USD)

	Business Segments					
	Manufacturing	Retail and Consumer Business	Communication Media and Technology	S-Governance	Others	Total
Segment assets:						
Allocable assets	7,077,885	1,265,155	750,568	376,068	1,280,745	10,750,421
Unallocable assets	-	-	-	-	-	27,002,753
Total assets	-	-	-	-	-	37,753,174
Segment liabilities						
Allocable liabilities	80,787	89,762	-	-	-	170,549
Unallocable liabilities	-	-	-	-	-	12,225,967
Total liabilities	-	-	-	-	-	12,396,516

Geographical revenue is allocated based on the location of the customers.

Information regarding geographical revenue is as follows:

(USD)

Geography	**Year ended March 31, 2018**	Year ended March 31, 2017
Americas	**39,097,170**	50,215,399
Europe	**-**	27,672
India	**-**	115,828
Total	**39,097,170**	50,358,899

Geographical Non-current assets are allocated based on the location of the assets.

(USD)

Geography	**Year ended March 31, 2018**	Year ended March 31, 2017
Americas	**1,317,426**	-
Total	**1,317,426**	-

Notes forming part of the Financial Statements

26. RELATED PARTY TRANSACTIONS

Names of related parties and nature of relationship:

Enterprises that directly, or indirectly through one or more intermediaries, control or are under common control with the Company:

(a) Holding Company

Name of the Enterprise	Nature of relationship
Tata Sons Limited	Ultimate Holding Company
Tata Consultancy Services Limited	Immediate Holding Company

(b) Subsidiary Company

Name of the Enterprise
CMC eBiz, Inc

(c) Fellow Subsidiary Company

Name of the Enterprise
Tata America International Corporation
TCS e-Serve America Inc.

Transactions with related parties as follows:

Statement showing the summary of related party transactions for year ending March 31, 2018

(USD)

	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Service Limited	With subsidiary	Total
Purchase of services	**17,894,091**	**-**	**-**	**17,894,091**
Other expenses	**5,036,035**	**21,079**	**-**	**5,057,114**
Revenue from rendering of services,	**398,067**	**-**	**-**	**398,067**
Dividend paid	**20,000,000**	**-**	**-**	**20,000,000**

Statement showing the summary of related party transactions for year ending March 31, 2017

(USD)

	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Service Limited	With subsidiary	Total
Purchase of services	-	-	-	-
Other expenses	22,657,544	48,859	-	22,706,403
Revenue from rendering of services,	3,321,570	973,285	-	4,294,855

Notes forming part of the Financial Statements

Balance as at March 31, 2018

(USD)

	With Tata Consultancy Services Limited	**With subsidiaries of Tata Consultancy Service Limited**	**With subsidiary**	**Total**
Trade payables	**12,023,717**	**602,078**	**-**	**12,625,795**
Other payables	**-**	**-**	**-**	**-**
Trade receivables	**537,803**	**387,036**	**-**	**934,839**
Other receivables	**1,818**	**-**	**10,000**	**11,818**

Balance as at March 31, 2017

(USD)

	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Service Limited	With subsidiary	Total
Trade payables	7,535,122	68,378	-	7,603,500
Other payables	11,721	-	-	11,721
Trade receivables	1,273,167	(2,266)	-	1,270,901

27. CONTINGENT LIABILITIES AND COMMITMENTS

The contingent liabilities and commitments as at March 31, 2018 and March 31, 2017 are Nil.

28. SUBSEQUENT EVENTS

Dividends

On April 17, 2018, the Board of Directors of the Company has declared a final dividend aggregating USD 4,200,000 in respect of financial year ended March 31, 2018, paid subsequently.

TATA AMERICA INTERNATIONAL CORPORATION

(Company Registration Number: 13-2805758)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended March 31, 2018

FINANCIAL STATEMENTS OF TATA AMERICA INTERNATIONAL CORPORATION

CONTENT	PAGE

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
TATA AMERICA INTERNATIONAL CORPORATION
NEW YORK, NY

We have audited the accompanying financial statements of Tata America International Corporation (the "Company"), which comprise the statements of financial position as of March 31, 2018, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board; 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 the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tata America International Corporation as at March 31, 2018, the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matter

The accompanying financial statements of Tata America International Corporation as at March 31, 2017 and for the year then ended were audited by other auditors whose report thereon dated 30 May 2017 expressed an unmodified opinion on these financial statements.

For KPMG
Chartered Accountants

Mumbai, India
Date: May15,2018

Statements of Financial Position

(in millions of USD)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS:			
Current assets:			
Cash and cash equivalents	3	**15.56**	19.67
Trade receivables	4	**1,215.61**	1,421.90
Unbilled revenues		**377.61**	309.94
Other financial assets	5(a)	**81.11**	60.94
Other assets	6(a)	**30.39**	10.82
Total current assets		**1,720.28**	1,823.27
Non-current assets:			
Investments	7	**7.50**	17.50
Unbilled revenues		**3.81**	4.81
Other financial assets	5(b)	**0.78**	0.24
Income tax assets (net)		**24.57**	14.18
Deferred tax assets (net)	12	**6.23**	13.00
Property, plant and equipment	8	**24.96**	27.51
Other assets	6(b)	**0.29**	0.27
Total non-current assets		**68.14**	77.51
TOTAL ASSETS		**1,788.42**	1,900.78
LIABILITIES AND EQUITY:			
Liabilities:			
Current liabilities:			
Trade and other payables	9	**1,038.81**	1,171.74
Other financial liabilities	10	**141.55**	101.00
Unearned and deferred revenue		**62.13**	47.23
Employee benefit obligations	13(a)	**17.61**	16.39
Provisions		**0.33**	0.06
Income tax payable (net)		**10.46**	17.81
Other liabilities	11(a)	**27.85**	28.37
Total current liabilities		**1,298.74**	1,382.60
Non-current liabilities:			
Employee benefit obligations	13(b)	**0.08**	0.09
Other liabilities	11(b)	**5.16**	5.47
Total non-current liabilities		**5.24**	5.56
TOTAL LIABILITIES		**1,303.98**	1,388.16
Equity:			
Equity share capital	14	**0.20**	0.20
Share premium		**1.26**	1.26
Retained earnings		**482.98**	511.16
TOTAL EQUITY		**484.44**	512.62
TOTAL LIABILITIES AND EQUITY		**1,788.42**	1,900.78

See accompanying notes to financial statements

Statements of Profit or Loss and Other Comprehensive Income

(in millions of USD, except share data)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
Gross revenues			
Services revenues		**8,064.10**	8,077.54
Information technology and consultancy services		**133.35**	201.42
TOTAL REVENUE		**8,197.45**	8,278.96
Gross cost of revenue			
Services revenue		**7,464.56**	7,433.72
Information technology and consultancy services		**116.20**	184.13
TOTAL GROSS COST OF REVENUE		**7,580.76**	7,617.85
Revenue less cost of revenue (net)			
Services revenue		**599.55**	643.82
Information technology and consultancy services		**17.16**	17.29
TOTAL REVENUE LESS COST OF REVENUE (NET)		**616.69**	661.11
Operating expenses			
Selling, general and administrative expenses		**417.30**	376.53
OPERATING PROFIT		**199.39**	284.58
Other income / (expense)			
Finance costs		**(0.27)**	(0.14)
Other income		**0.20**	0.30
OTHER INCOME (NET)		**(0.07)**	0.16
PROFIT BEFORE TAXES		**199.32**	284.74
Income tax expense	12	**77.50**	116.57
PROFIT FOR THE YEAR		**121.82**	168.17
Other comrehensive income/(losses)			
Net change in fair value of investments in equity shares carried at fair value through OCI		**(10.00)**	-
TOTAL OTHER COMREHENSIVE INCOME/(LOSSES) FOR THE YEAR		**(10.00)**	-
TOTAL COMREHENSIVE INCOME/(LOSSES) FOR THE YEAR		**111.82**	168.17

See accompanying notes to financial statements

Statements of Changes in Equity

(in millions of USD, except share data)

	Number of shares	Equity share capital	Share Premium	Retained earnings	Total equity
Balance as of March 31, 2016	20,000	0.20	1.26	342.99	344.45
Profit for the year		-	-	168.17	168.17
Dividend		-	-	-	-
Other Comprehensive Income		-	-	-	-
Balance as of March 31, 2017	20,000	0.20	1.26	511.16	512.62
Profit for the year		**-**	**-**	**121.82**	**121.82**
Dividend		**-**	**-**	**(140.00)**	**(140.00)**
Other Comprehensive Income		**-**	**-**	**(10.00)**	**(10.00)**
Balance as of March 31, 2018	**20,000**	**0.20**	**1.26**	**482.98**	**484.44**

See accompanying notes to financial statements

Statements of Cash Flows

(in millions of USD)

	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities:		
Profit for the year	**121.82**	168.17
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	**6.26**	6.81
Income tax expense	**77.50**	116.57
Allowances for doubtful advances	**0.02**	0.08
Allowances for doubtful trade receivables and bad debts written off	**14.98**	2.62
Operating profit before working capital changes	**220.58**	294.25
Net change in:		
Trade receivables	**191.31**	50.90
Unbilled revenues	**(66.67)**	(196.14)
Other financial assets (current and non-current)	**(20.73)**	(8.36)
Other assets (current and non-current)	**(19.59)**	(6.91)
Trade and other payables	**(132.93)**	(31.77)
Other financial liabilities (current)	**40.55**	(3.38)
Unearned and deferred revenues	**14.90**	9.48
Provisions	**0.27**	(0.04)
Employee benefit obligations (current and non-current)	**1.21**	(0.15)
Other liabilities (current and non-current)	**(0.83)**	19.10
Cash generated from operations	**228.07**	126.98
Taxes paid	**(88.49)**	(110.11)
Net cash provided by operating activities	**139.58**	16.87
Cash flows from investing activities:		
Purchase of property and equipment	**(3.71)**	(6.22)
Proceeds from sale of investments	**-**	1.48
Net cash used in investing activities	**(3.71)**	(4.74)
Cash flows from financing activities:		
Dividends paid	**(140.00)**	-
Net cash used in financing activities	**(140.00)**	-
Net change in cash	**(4.11)**	12.13
Cash and cash equivalents, beginning of the year	**19.67**	7.54
Cash and cash equivalents, end of the year	**15.56**	19.67
Supplementary cash flow information:		
Interest paid	**(0.22)**	(0.03)

Notes to Financial Statements

1. CORPORATE INFORMATION

Tata America International Corporation ('TAIC' or the 'Company') is engaged in providing information technology and consultancy services, application development, IT infrastructure management, including services under contracts for software development, implementation and other related services. The Company is a wholly owned subsidiary of Tata Consultancy Services Limited and Tata Sons Limited is the ultimate parent company.

The Company is incorporated and domiciled in the United States of America. The address of its corporate office is Tata America International Corporation, 101, Park Avenue, 26th floor, New York 10178.

The Company has substantially subcontracted the information technology services for its customers to Tata Consultancy Services Limited ('TCS') and its subsidiaries. Under the terms of the Agreement, TCS and its subsidiaries is compensated for the services that it provides to the Company based on a contractually fixed percentages of the amounts billed by the Company to its customers.

The Company's customer base consists primarily of large U.S. based multinational corporations involved in a wide range of businesses and industries such as banking, financial services, insurance, retail, telecommunications, health care, pharmaceutical, automobile and engineering services. The Company also provides services to a number of state governmental agencies.

The financial statements were approved by the Board of Directors and authorized for issue on May 15, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB).

b. Basis of preparation

The financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period. 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.

c. Use of estimates and judgments

The preparation of financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the periods presented.

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

The key source of estimation of uncertainty that have a risk of causing a material adjustment within the next financial year are useful lives of property, plant and equipment, valuation of deferred tax assets financial instruments and and provisions and contingent liabilities. Key sources of estimation of uncertainty in respect of revenue recognition, employee benefits and financial instruments have been discussed in their respective policies.

Useful lives of property and equipment

The Company reviews the carrying amount of property, plant and equipment at the end of each reporting period. This reassessment may affect depreciation expense in future periods.

Fair value measurement of financial instruments

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

Notes to Financial Statements

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy has been explained under note 2(g).

Provisions and contingent liabilities

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 a reliable estimate can be made. These are reviewed at the end of each reporting period adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

d. Revenue recognition

The Company earns revenues primarily from providing information technology and consultancy services, application development, IT infrastructure management, including services under contracts for software development, implementation and other related services.

TAIC recognises revenue as follows:

Gross service revenue represents revenue from information technology services to its customers subcontracted to TCS and its subsidiaries

Information technology and consultancy services consists of revenue from contracts directly executed by the Company.

Contracts are unbundled into separately identifiable components and the consideration is allocated to those identifiable components on the basis of their fair values. Revenue is recognised for respective components either at the point in time or over time, as applicable.

Revenues from contracts priced on a time and material basis is recognized as the services are rendered and as related costs are incurred.

Revenues from software development contracts, which are generally time bound fixed price contracts, are recognized over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognized when probable. Revenues in excess of billings are recognized as unbilled revenues in the statement of financial position; to the extent billings are in excess of revenues recognized, the excess is reported as unearned and deferred revenue in the statements of financial position.

Revenues from business process services contracts priced on the basis of time and material or unit of delivery are recognized as services are rendered or the related obligation is performed.

Revenues from maintenance contracts are recognized on pro-rata basis over the period of contract.

Revenue from the sale of internally developed and manufactured systems and third party products which do not require significant modification is recognised upon delivery, which is when the absolute right to use passes to the customer and the Company does not have any material remaining service obligations.

Revenue is recognized only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

Revenue is reported net of discounts and indirect taxes.

Interest income is recognised using effective interest method.

e. Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their primary functions in the following categories:

Cost of revenue

These costs primarily include subcontracted cost based on a contractually agreed fixed percentages of the amounts billed by the Company to its customers, employee compensation of personnel engaged in providing services, travel expenses, employee allowances, fees to external consultants engaged in providing services, cost of equipment and software licenses, depreciation of production related equipment, facility expenses, communication costs and other project related expenses.

Selling, general and administrative expenses

Selling costs primarily include employee compensation for sales and marketing personnel, travel costs, advertising, business promotion expenses, bad debts and advances written off, allowances for doubtful trade receivables and other advances, facility expenses for sales and marketing offices and market research costs.

General and administrative costs primarily include employee compensation for administrative, supervisory, managerial and practice management personnel, depreciation of non-production equipment, facility expenses for administrative offices, communication costs, fees to external consultants and other general expenses.

f. Foreign currency

The functional and reporting currency of Tata America International Corporation is the US Dollars (USD). Foreign currency transactions are translated into functional currency at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated into the functional currency using exchange rates prevailing on the balance sheet date. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities are recognized in the Statements of Profit or Loss and Other Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

g. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and 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.

Current income taxes

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the Company is able to and 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 assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences 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 company is able to and intends to settle current tax assets and liabilities on a net basis.

h. 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 measured on initial recognition of financial asset or financial liability.

Notes to Financial Statements

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

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 through other comprehensive income

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.

The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized 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 or loss are immediately recognized in profit or loss.

Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognized by the Company are recognized at the proceeds received net off direct issue cost.

i. Property, plant and equipment

Property and equipment are stated at cost, less accumulated depreciation other than freehold land. Depreciation is provided on straight line basis for property plant and equipment so as to expense the cost over their estimated useful lives as follows:

Type of Asset	Useful life (in years)
Freehold building	20
Computer equipment	4
Leasehold improvements	Lease period
Furniture, and fixtures	5
Office Equipment	5-10
Plant and Machinery	10

Depreciation is not recorded on capital work in progress until construction and installation are complete and the asset is ready for its intended use.

j. Impairment

Financial assets (other than at fair value)

The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction TAIC 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 is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Non – financial assets

Tangible assets

Property, plant and equipment 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 costs to sell and the value-in-use) is determined on an individual assets 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 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.

k. Employee benefits

Defined contribution plan

Contributions to defined contribution plan, 401(k), are recognized as expense when employees have rendered services entitling them to such benefits.

Compensated absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the year end. 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 obligation at the year end.

l. Operating lease

Lease arrangements where the risk and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the statements of Profit or Loss and Other Comprehensive Income on a straight line basis.

m. Capital management

The Company's objective for capital management is to maximize 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 product and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated.

n. Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.

o. Recent Accounting Standards

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Notes to Financial Statements

IFRS 15	Revenue from Contracts with Customers[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRS 16	Leases[2]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[2]
Annual improvements — 2015-2017 cycle	IFRS 3 Business combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes, IAS 23 Borrowing costs[2]

[1] Effective for annual periods beginning on or after January 1, 2018.

[2] Effective for annual periods beginning on or after January 1, 2019.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. In April 2016, the IASB issued clarifications to IFRS 15 in relation to identification of performance obligations, principal versus agent considerations as well as licensing application guidance. The entity anticipates that the resultant impact, if any, of this Standard on its financial statements is not likely to be material.

IFRIC 22- Foreign Currency Transactions and advance consideration

On December 8, 2016, the International Accounting Standards Board issued IFRIC 22 which clarifies the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The entity anticipates that the resultant impact, if any, of this Standard on its financial statements is not likely to be material.

IFRS 16- Leases

On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS16, Leases. IFRS16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. The Company is in the process of evaluating the impact of the new standard.

IFRIC 23- Uncertainty over Income Tax Treatments

On June 7, 2017, the International Accounting Standards Board issued IFRIC 23 which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company is in the process of evaluating the impact of the interpretation.

IFRS 9 – Prepayment Features with Negative Compensation

In October 2017, the IASB issued amendments to IFRS 9, which amend the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any significant impact on its financial statements.

IAS 28 – Long-term Interests in Associates and Joint Ventures

In October 2017, the IASB clarified that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures.

IAS 19 – Plan Amendment, Curtailment or Settlement

In February 2018, the IASB issued amendments to IAS 19 to clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company is in the process of evaluating the impact of the new standard.

Annual improvements — 2015-2017 cycle

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements —The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control/ joint control of a business that is a joint operation.
- IAS 12 Income Taxes — an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company is in the process of evaluating the impact of the new standard.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this pronouncement.

Notes to Financial Statements

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

(in millions of USD)

	As at March 31, 2018	As at March 31, 2017
Balances with banks	**15.56**	19.67
Total	**15.56**	19.67

4. TRADE RECEIVABLES

Trade receivables consist of the following:

(in millions of USD)

	As at March 31, 2018	As at March 31, 2017
Trade receivables	**1,235.18**	1,427.01
Less: Allowance for doubtful trade receivables	**(19.57)**	(5.11)
Total	**1,215.61**	1,421.90

Movements in allowance for doubtful trade receivables are as follows:

(in millions of USD)

	Year ended March 31, 2018	Year ended March 31, 2017
Balance at the beginning of the year	**5.11**	4.38
Allowance for doubtful receivables	**17.24**	4.26
Amounts written back during the year	**(2.26)**	(1.64)
Amounts written off as uncollectible	**(0.52)**	(1.89)
Balance at the end of the year	**19.57**	5.11

5. OTHER FINANCIAL ASSETS

Other financial assets consist of the following:

(a) Other financial assets - Current

(in millions of USD)

	As at March 31, 2018	As at March 31, 2017
Employee advances	**0.35**	0.46
Deposits for premises	**-**	0.06
Receivable for volume discount	**80.76**	60.42
Total	**81.11**	60.94

(b) Other financial assets - Non-current

(in millions of USD)

	As at March 31, 2018	As at March 31, 2017
Security deposits	**0.58**	0.23
Others	**0.20**	0.01
Total	**0.78**	0.24

6. OTHER CURRENT ASSETS

Other current assets consist of the following:

(a) Other assets - Current

(in millions of USD)

	As at March 31, 2018	As at March 31, 2017
Prepaid expenses	**13.85**	6.68
Advance to suppliers	**11.56**	0.17
Indirect tax recoverable	**2.24**	-
Others	**2.74**	3.97
Total	**30.39**	10.82

(b) Other assets - Non-current

(in millions of USD)

	As at March 31, 2018	As at March 31, 2017
Prepaid expenses	**0.29**	0.27
Total	**0.29**	0.27

7. INVESTMENTS

Investments consist of the following:

Investments – Non-Current

(in millions of USD)

	As at March 31, 2018	As at March 31, 2017
Investments designated at fair value through OCI		
Equity Shares	**17.50**	17.50
Less: Impairment in value of investments	**(10.00)**	-
Total	**7.50**	17.50

During the year, the Company impaired its investment of USD 10 million in Mozido , LLC, as it was continuously incurring operating losses and there was no visibility available on its revival / growth plans.

Notes to Financial Statements

8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Property, plant and equipment

(in millions of USD)

	Freehold land	Freehold Buildings	Leasehold improvements	Computer equipments	Plant and machinery	Furniture and fixtures	Office equipments	Total
Gross block as of April 1, 2017	**3.31**	**11.50**	**16.56**	**9.50**	**-**	**10.48**	**11.44**	**62.79**
Purchases	**-**	**-**	**0.15**	**1.56**	**1.08**	**0.85**	**0.94**	**4.58**
Disposals	**-**	**-**	**0.71**	**-**	**-**	**0.32**	**0.13**	**1.16**
Gross block as of March 31, 2018	**3.31**	**11.50**	**16.00**	**11.06**	**1.08**	**11.01**	**12.25**	**66.21**
Accumulated depreciation as of April 1, 2017	**-**	**3.65**	**9.58**	**6.49**	**-**	**8.77**	**8.59**	**37.08**
Disposals	**-**	**-**	**0.70**	**-**	**-**	**0.32**	**0.12**	**1.14**
Depreciation for the year	**-**	**0.68**	**1.84**	**1.54**	**0.10**	**0.94**	**1.16**	**6.26**
Accumulated depreciation as of March 31, 2018	**-**	**4.33**	**10.72**	**8.03**	**0.10**	**9.39**	**9.63**	**42.20**
Net carrying amount as of March 31, 2018	**3.31**	**7.17**	**5.28**	**3.03**	**0.98**	**1.62**	**2.62**	**24.01**
Capital work-in-progress (including capital advances)								**0.95**
Total								**24.96**
Gross block as of April 1, 2016	3.31	11.23	14.29	8.24	-	10.11	9.94	57.12
Purchases	-	0.27	2.40	1.26	-	0.56	1.53	6.02
Disposals	-	-	0.13	-	-	0.19	0.03	0.35
Gross block as of March 31, 2017	3.31	11.50	16.56	9.50	-	10.48	11.44	62.79
Accumulated depreciation as of April 1, 2016	-	2.97	7.76	5.08	-	7.63	7.18	30.62
Disposals	-	-	0.13	-	-	0.19	0.03	0.35
Depreciation for the year	-	0.68	1.95	1.41	-	1.33	1.44	6.81
Accumulated depreciation as of March 31, 2017	-	3.65	9.58	6.49	-	8.77	8.59	37.08
Net carrying amount as of March 31, 2017	3.31	7.85	6.98	3.01	-	1.71	2.85	25.71
Capital work-in-progress (including capital advances)								1.80
Total								27.51

Notes to Financial Statements

9. TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

(in millions of USD)

	As at March 31, 2018	As at March 31, 2017
Trade payables	**729.75**	895.44
Accrued expenses	**309.06**	276.30
Total	**1,038.81**	1,171.74

10. OTHER FINANCIAL LIABILITIES - CURRENT

Other current financial liabilities consist of the following:

(in millions of USD)

	As at March 31, 2018	As at March 31, 2017
Accrued interest	**0.06**	0.11
Capital Creditors	**0.45**	0.44
Payable for volume discount	**90.37**	67.34
Security deposits	**0.11**	0.03
Accrued payroll	**50.56**	33.08
Total	**141.55**	101.00

11. OTHER LIABILITIES

(a) Other liabilities - Current

(in millions of USD)

	As at March 31, 2018	As at March 31, 2017
Advance received from customers	**23.09**	24.24
Indirect tax payable and other statutory liabilities	**2.94**	2.53
Accrual for lease rentals	**1.43**	1.25
Others	**0.39**	0.35
Total	**27.85**	28.37

(b) Other liabilities - Non-current

(in millions of USD)

	As at March 31, 2018	As at March 31, 2017
Accrual for lease rentals	**5.16**	5.47
Total	**5.16**	5.47

Notes to Financial Statements

12. INCOME TAXES

The income tax expense consists of the following:

(in millions of USD)

	Year ended March 31, 2018	Year ended March 31, 2017
Current income tax expense	**70.73**	118.99
Deferred tax expense / (benefit)	**6.77**	(2.42)
	77.50	116.57

The reconciliation of estimated income tax expense at the United States of America statutory income tax rate to income tax expense reported in statements of profit or loss and other comprehensive income is as follows:

(in millions of USD)

	Year ended March 31, 2018	Year ended March 31, 2017
Income before income taxes	**199.32**	284.74
Federal income tax rate *	**31.55%**	35.00%
Expected income tax expense	**62.88**	99.67
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income taxed at different rates	**16.16**	11.47
Provisions/(Write back of provisions) for prior years	**(1.92)**	5.16
Others	**0.38**	0.27
Total income tax expense	**77.50**	116.57

Significant components of net deferred tax assets and liabilities for the years ended March 31, 2018 and March 31, 2017

(in millions of USD)

	Balance as on April 1, 2016	Recognised in statement of profit or loss and comprehensive income	Balance as on March 31, 2017	Recognised in statement of profit or loss and comprehensive income	Balance as on March 31, 2018
Deferred tax assets in relation to:					
Retirement benefits and compensated absences	6.19	0.30	6.49	**(2.41)**	**4.08**
Receivables	1.64	0.38	2.02	**2.98**	**5.00**
Depreciation and amortisation	0.51	0.99	1.50	**(0.68)**	**0.82**
Lease incentive and deferred rent	2.03	(1.11)	0.92	**(0.54)**	**0.38**
Others	0.21	1.86	2.07	**(6.12)**	**(4.05)**
Total deferred tax asset	10.58	2.42	13.00	**(6.77)**	**6.23**

* On December 22, 2017, H.R. 1, originally known as the "Tax Cuts and Jobs Act" was signed into law ("US Tax Reforms"). The law provides for a federal tax rate reduction from a maximum rate of 35% to a flat rate of 21% with effect from January 1, 2018. The tax rate change does not have any significant impact on the taxes of the Company

Notes to Financial Statements

13. EMPLOYEE BENEFIT OBLIGATIONS

(a) Employee benefit obligations - Current

(in millions of USD)

	As at March 31, 2018	As at March 31, 2017
Compensated absences	**17.60**	16.38
Other employee benefit obligations	**0.01**	0.01
Total	**17.61**	16.39

(b) Employee benefit obligations - Non-current

(in millions of USD)

	As at March 31, 2018	As at March 31, 2017
Other employee benefit obligations	**0.08**	0.09
Total	**0.08**	0.09

USD 34.32 million and USD 247.46 million is included in cost of information technology and consultancy services and selling, general and administrative expenses towards employee cost, employee allowances and other onsite employee costs for the year ended March 31, 2018 and USD 32.92 million and USD 234.56 million for the year ended March 31, 2017 respectively.

Defined contribution plans

The Company has a 401(k) plan with profit sharing feature. Eligible employees may elect to defer up to 50% of their total compensation each year, not to exceed the annual limitations established by the Internal Revenue Code. The Company's contributions were USD 8.54 million and USD 7.31 million for the years ended March 31, 2018 and March 31, 2017 respectively.

14. SHARE CAPITAL

(in millions of USD)

	As at March 31, 2018	As at March 31, 2017
Is used, Subscribed and paid up		
20,000 equity shares of USD 10each	**0.20**	0.20
(March 31, 2017 : 20,000 equity shares of USD 10 each)	**-**	-
Total	**0.20**	0.20

15. EXPENSE BY NATURE

(in millions of USD)

	Year ended March 31, 2018	Year ended March 31, 2017
Subcontracting costs	**7,464.56**	7,433.72
Employee benefits expenses	**281.78**	258.92
Cost of equipment and software licenses	**52.58**	109.58
Fees to external consultants	**35.13**	30.49
Facility expenses (net of recoveries)	**6.57**	6.35
Depreciation expense	**6.26**	6.81
Marketing, advertising and sales promotion	**28.79**	28.23
Travel expenses	**35.89**	33.74
Other expenses	**67.05**	80.62
Communication	**3.33**	3.21
Total	**7,998.06**	7,994.38

Notes to Financial Statements

16. LEASES

The Company conducts a portion of its operations in leased facilities under non-cancellable operating leases expiring at various dates. The following is a summary of future minimum lease rental commitments under non-cancellable operating leases:

(in millions of USD)

Operating lease	As at March 31, 2018	As at March 31, 2017
Not later than one year	**12.70**	10.14
Later than one year but not later than five years	**30.59**	29.92
Later than five years	**23.03**	21.17
Total minimum lease commitments	**66.32**	61.23

Rental expenses for all operating leases were USD 12.44 million and USD 11.31 million for the years ended March 31, 2018 and March 31, 2017 respectively.

Total future minimum sub-lease payments expected to be received under non-cancellable sub-leases amounts to USD 1.70 million and USD 0.00 million* as of March 31, 2018 and March 31, 2017 respectively.

*Amount is less than USD 0.01 million as of March 31, 2017

17. FINANCIAL INSTRUMENTS

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(h) to the financial statements.

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2018 is as follows:

(in millions of USD)

	Fair value through Profit or Loss	Fair value through Other Comprehensive Income	Amortised cost	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	-	-	15.56	15.56	15.56
Trade receivables	-	-	1,215.61	1,215.61	1,215.61
Investments (Other than in Subsidiary)	-	7.50	-	7.50	7.50
Unbilled revenues	-	-	381.42	381.42	381.42
Other financial assets	-	-	81.89	81.89	81.89
Total	-	7.50	1,694.48	1,701.98	1,701.98
Financial liabilities					
Trade payables	-	-	1,038.81	1,038.81	1,038.81
Other financial liabilities	-	-	141.55	141.55	141.55
Total	-	-	1,180.36	1,180.36	1,180.36

Notes to Financial Statements

The carrying value of financial instruments by categories as at March 31, 2017 is as follows:

(in millions of USD)

	Fair value through Profit or Loss	Fair value through Other Comprehensive Income	Amortised cost	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	-	-	19.67	19.67	19.67
Investments (Other than in Subsidiary)	-	17.50	-	17.50	17.50
Unbilled revenues	-	-	314.75	314.75	314.75
Other financial assets	-	-	61.18	61.18	61.18
Total	-	17.50	395.60	413.10	413.10
Financial liabilities					
Trade payables	-	-	1,171.74	1,171.74	1,171.74
Other financial liabilities	-	-	101.00	101.00	101.00
Total	-	-	1,272.74	1,272.74	1,272.74

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range.

The following table summarises financial assets 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):

(in millions of USD)

	Level 1	Level 2	Level 3	Total
As at March 31, 2018				
Financial assets				
Equity Shares	**-**	**-**	**7.50**	**7.50**
Total	**-**	**-**	**7.50**	**7.50**
As at March 31, 2017				
Financial assets				
Equity Shares	**-**	**-**	**17.50**	**17.50**
Total	**-**	**-**	**17.50**	**17.50**

Notes to Financial Statements

(b) Financial risk management

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities.

i. 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.

i. (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 Company.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in Euro, Great Britain Pound, and Swizz Franks.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the functional currency of the Company.

The following table sets forth information relating to foreign currency exposure as at March 31, 2018:

(in millions of USD)

	EUR	**GBP**	**CHF**	**Others***
Net financial assets	**11.38**	**1.19**	**0.62**	**0.81**
Net financial liabilities	**8.82**	**0.68**	**0.31**	**1.01**

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 USD 0.32 million for the year ended March 31, 2018.

The following table sets forth information relating to foreign currency exposure as at March 31, 2017:

(in millions of USD)

	EUR	GBP	CHF	Others*
Net financial assets	3.80	0.07	0.23	1.47
Net financial liabilities	4.23	0.03	0.16	1.20

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 USD 0.00** million for the year ended March 31, 2017.

* Others include currencies such as Australian Dollar, Canadian Dollar, Chinese Reninbi, Japanese Yen, New Zealand Dollar, etc.

** Amount is less than USD 0.01 million as of March 31, 2017

i. (b) Interest rate risk

The Company is not exposed to interest rate risk.

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, cash and cash equivalents, bank deposits and other financial assets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was USD 1,694.48 million and USD 1,817.50 million as of March 31, 2018 and March 31, 2017, respectively being the total of the carrying amount of cash and cash equivalents, trade receivable, unbilled revenue, and other financial assets. Cash and cash equivalents are held with banks with high credit ratings. As of March 31, 2018, there were no indications that any defaults will occur on trade receivable, unbilled revenues, or other financial assets.

The Company's exposure to customers is diversified and no single customer contributes more than 10% of outstanding accounts receivable and unbilled revenues as of March 31, 2018 and March 31, 2017. The Company's cash and cash equivalents are substantially held in the United States of America.

Geographic concentration of credit risk

The Company has a geographic concentration of trade receivables, net of allowances and unbilled revenue as given below:

(In %)

	As at March 31, 2018	As at March 31, 2017
United States of America	**99.05**	98.74
Others	**0.95**	1.26

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 consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(in millions of USD)

March 31, 2018	**Due in 1st year**	**Due in 2nd to 5th year**	**Due in 3rd to 5th year**	**Due after 5 years**	**Total**
Non-derivative financial liabilities:					
Trade and other payables	**1,038.81**	**-**	**-**	**-**	**1,038.81**
Other financial liabilities	**141.55**	**-**	**-**	**-**	**141.55**
Total	**1,180.36**	**-**	**-**	**-**	**1,180.36**

(in millions of USD)

March 31, 2017	Due in 1st year	Due in 2nd to 5th year	Due in 3rd to 5th year	Due after 5 years	Total
Non-derivative financial liabilities:					
Trade and other payables	1,171.74	-	-	-	1,171.74
Other financial liabilities	101.00	-	-	-	101.00
Total	1,272.74	-	-	-	1,272.74

Notes to Financial Statements

18. COMMITMENTS AND CONTINGENCIES

Capital commitments

USD 0.65 million and USD 1.46 million as of March 31, 2018 and March 31, 2017, respectively was contractually committed for purchase of property, plant and equipment.

Contingencies

In October 2014, Epic Systems Corporation (referred to as Epic) filed a legal claim against the Company in the Court of Western District Madison, Wisconsin for alleged infringement of Epic's proprietary information. In April 2016, the Company received an unfavorable jury verdict awarding damages totaling $940 million to Epic. In September 2017, the Company received a Court order reducing the damages from $940 million to $420 million to Epic. The Company has received legal advice to the effect that the order and the reduced damages awarded are not supported by evidence presented during the trial and a strong appeal can be made to superior Court to fully set aside the order. Pursuant to US Court procedures, a Letter of Credit has been made available to Epic for $440 million as financial security in order to stay execution of the judgment pending post-judgment proceedings and appeal. Accordingly, an amount of $440 million is disclosed as contingent liability.

19. DIVIDENDS

On April 17, 2018, the Board of Directors of the Company has declared a final dividend aggregating USD 175 million in respect of financial year ended March 31, 2018, paid subsequently.

20. RELATED PARTY TRANSACTIONS

TAIC's principal related parties consist of its ultimate holding company Tata Sons Limited and its subsidiaries and associates, its holding company TCS and subsidiaries of TCS. TAIC routinely enters into transactions with its related parties in the ordinary course of business.

Transactions with related parties are as follows:

(in millions of USD)

	Year ended March 31, 2018				
	With Tata Sons Limited, ultimate parent company	**With subsidiaries and associates of Tata Sons Limited, ultimate parent company**	**With Tata Consultancy Services Limited**	**With subsidiaries of Tata Consultancy Services Limited**	**Total**
Recovery of expenses (net)	**-**	**-**	**(93.56)**	**(0.23)**	**(93.79)**
Other income	**-**	**0.01**	**-**	**(0.08)**	**(0.06)**
Purchases of goods and services (Net of services revenue of USD 590.49 million)	**-**	**0.92**	**7,103.03**	**361.53**	**7,465.49**
Availment of services	**-**	**-**	**38.27**	**-**	**38.27**
Brand equity contribution	**1.77**	**-**	**-**	**-**	**1.77**
Dividend paid	**-**	**-**	**140.00**	**-**	**140.00**
	Year ended March 31, 2017				
Recovery of expenses (net)	-	-	(72.03)	(0.68)	(72.71)
Other income	-	-	-	0.14	0.14
Purchase of goods and services (Net of services revenue of USD 643.82 million)	-	0.32	7,080.34	353.38	7,434.04
Availment of services			45.97	1.34	47.31
Brand equity contribution	3.28	-	-	-	3.28
Dividend paid	-	-	-	-	-

Balances receivable from related parties are as follows:

(in millions of USD)

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
	As at March 31, 2018				
Trade receivables and other current financial assets	**-**	**-**	**119.55**	**5.69**	**125.24**
Total	**-**	**-**	**119.55**	**5.69**	**125.24**
	As at March 31, 2017				
Trade receivables and other current financial assets	-	-	100.13	4.36	104.49
Total	-	-	100.13	4.36	104.49

Balances payable to related parties are as follows:

(in millions of USD)

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
	As at March 31, 2018				
Trade and other payables	**1.78**	**0.03**	**971.67**	**43.63**	**1,017.11**
Total	**1.78**	**0.03**	**971.67**	**43.63**	**1,017.11**
	As at March 31, 2017				
Trade and other payables	3.05	0.10	1,064.99	52.85	1,120.99
Total	3.05	0.10	1,064.99	52.85	1,120.99

Notes to Financial Statements

Guarantees outstanding from related parties are as follows:

(in millions of USD)

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
	As at March 31, 2018				
Guarantees outstanding	**-**	**-**	**11.55**	**-**	**11.55**
Total	**-**	**-**	**11.55**	**-**	**11.55**
	As at March 31, 2017				
Guarantees outstanding	-	-	13.97	-	13.97
Total	-	-	13.97	-	13.97

TATA CONSULTANCY SERVICES CANADA INC.

(Company Registration Number: 88775 0719)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

INDEPENDENT AUDITORS' REPORT

The Board Of Directors
Tata Consultancy Services Canada Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Tata Consultancy Services Canada Inc. ("the Company"), which comprise the statement of financial position as at March 31, 2018, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tata Consultancy Services Canada Inc. as at March 31, 2018, the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matter

The accompanying financial statements of Tata Consultancy Services Canada Inc. as at March 31, 2017 and for the year then ended were audited by other auditors whose report thereon dated 1 June 2017 expressed an unmodified opinion on these financial statements.

For KPMG
Chartered Accountants

Mumbai, India
Date: May 11, 2018

Statements of Financial Position

(In CAD)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	(3)	**25,555,960**	25,748,483
Trade receivables	(4)	**176,458,517**	142,070,459
Unbilled revenue		**36,694,824**	28,000,511
Other financial assets	(5)	**6,158,780**	7,412,679
Income tax assets (net)		**2,051,172**	6,592
Other assets	(6)	**732,616**	551,859
Total current assets		**247,651,869**	203,790,583
Non-current assets:			
Unbilled revenue		**27,359**	153,937
Deferred tax assets (net)	(11)	**2,442,283**	2,590,144
Property, plant and equipment	(7)	**5,270,429**	6,016,406
Total non-current assets		**7,740,071**	8,760,487
TOTAL ASSETS		**255,391,940**	212,551,070
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables	(8)	**65,880,095**	50,190,008
Other financial liabilities	(9)	**22,748,412**	17,636,660
Unearned and deferred revenue		**12,418,512**	10,510,455
Employee benefit obligations	(13)	**16,554,349**	12,560,539
Income tax liabilities (net)		**-**	5,857,993
Provisions		**171,558**	83,218
Other liabilities	(10a)	**11,321,875**	9,204,903
Total current liabilities		**129,094,801**	106,043,776
Non-current liabilities			
Other liabilities	(10b)	**1,673,791**	1,908,702
Total non-current liabilities		**1,673,791**	1,908,702
TOTAL LIABILITIES		**130,768,592**	107,952,478
Equity			
Share capital	(12)	**7,065,748**	7,065,748
Retained earnings		**117,557,600**	97,532,844
TOTAL EQUITY		**124,623,348**	104,598,592
TOTAL LIABILITIES AND EQUITY		**255,391,940**	212,551,070

Refer accompanying notes to financial statements

Statements of Profit or Loss and Other Comprehensive Income

(In CAD, except shares data)

	Note	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations		**850,366,828**	752,610,889
Expenses			
Employee benefit expenses		**353,594,300**	281,922,990
Other operating expenses	(14)	**421,269,865**	385,666,823
Depreciation expense	(7)	**1,079,598**	1,047,924
Total expenses		**775,943,763**	668,637,737
Operating profit		**74,423,065**	83,973,152
Other income			
Finance and other income		**313,112**	80,432
Finance cost		**(5,156)**	(45,140)
Other gains (net)	(15)	**330,160**	1,431,631
Other income (net)		**638,116**	1,466,923
Profit before taxes		**75,061,181**	85,440,075
Income tax expense	(11)	**20,036,425**	22,775,907
Profit for the year		**55,024,756**	62,664,168
Other comprehensive income			
Items that will not be reclassified subsequently to the statement of profit or loss		**-**	-
Total other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**55,024,756**	62,664,168

Refer accompanying notes to financial statements

Statements of Changes In Equity

(In CAD, except shares data)

	Number of shares	Equity share capital	Retained earnings	Total Shareholders' Equity
Balance as of March 31, 2016	1,100	7,065,748	69,868,676	76,934,424
Profit for the year	-	-	62,664,168	62,664,168
Other comprehensive income			-	-
Total comprehensive income	-	-	132,532,844	139,598,592
Dividends	-	-	(35,000,000)	(35,000,000)
Balance as of March 31, 2017	**1,100**	**7,065,748**	**97,532,844**	**104,598,592**
Profit for the year	**-**	**-**	**55,024,756**	**55,024,756**
Other comprehensive income			**-**	**-**
Total comprehensive income	**-**	**-**	**152,557,600**	**159,623,348**
Dividends	**-**	**-**	**(35,000,000)**	**(35,000,000)**
Balance as of March 31, 2018	**1,100**	**7,065,748**	**117,557,600**	**124,623,348**

Refer accompanying notes to financial statements

Statements of Cash Flows

(In CAD)

		Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities:			
Profit for the year		**55,024,756**	62,664,168
Adjustments to reconcile profit to net cash provided by operating activities:			
Depreciation expense		**1,079,598**	1,047,924
Bad debts and advances written off, allowances for doubtful trade receivables and advances (net)		**427,970**	(275,409)
Income tax expense		**20,036,425**	22,775,907
Operating profit before working capital changes		**76,568,749**	86,212,590
Net change in:			
Trade receivables		**(34,816,028)**	6,861,473
Unbilled revenues		**(8,567,734)**	(20,911,051)
Other financial assets		**1,253,899**	714,234
Other assets		**(180,756)**	9,177,436
Trade payables		**15,690,086**	(9,831,979)
Other financial liabilities		**5,131,799**	2,397,968
Unearned and deferred revenues		**1,908,057**	1,288,336
Other liabilities and provisions		**5,964,210**	1,315,688
Cash generated from operations		**62,952,282**	77,224,695
Taxes paid (net of refunds)		**(27,791,137)**	(21,020,090)
Net cash provided by operating activities		**35,161,145**	56,204,605
Cash flows from investing activities:			
Payment for purchase of property, plant and equipment		**(353,668)**	(305,172)
Net cash used in investing activities		**(353,668)**	(305,172)
Cash flows from financing activities:			
Dividend paid (including tax on dividend)		**(35,000,000)**	(35,000,000)
Net cash used in financing activities		**(35,000,000)**	(35,000,000)
Net change in cash and cash equivalents		**(192,523)**	20,899,433
Cash and cash equivalents, beginning of the year		**25,748,483**	4,849,050
Cash and cash equivalents, end of the year	(Refer Note 3)	**25,555,960**	25,748,483
Supplementary Cash Flow Information:			
Interest paid		**(5,187)**	(45,189)
Interest received		**277,977**	72,932

Refer accompanying notes to financial statements

Notes forming part of the Financial Statements

1. BACKGROUND AND OPERATIONS

Tata Consultancy Services Canada Inc. ('TCCI' or the 'Company'), a Toronto based Canadian Corporation, is an information technology (IT) consulting, services and business process outsourcing organization. TCCI provides services in the area of IT application development and maintenance, asset based solutions, IT infrastructure management, engineering and industrial services and business process outsourcing. TCCI is a wholly owned subsidiary of Tata Consultancy Services Limited ('TCS Limited') and Tata Sons Limited is the ultimate parent company.

TCCI is incorporated and domiciled in Canada. The address of its corporate office is Tata Consultancy Services Canada Inc., 400 University Ave, 25th Floor Toronto - M5G 1S5, Ontario Canada.

TCCI's customer base consists primarily of large Canada based multinational corporations involved in a wide range of businesses and industries such as banking, financial services, insurance, retail, telecommunications, automobile and engineering services.

The financial statements were approved by the Board of Directors and authorized for issue on May 11, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB).

b. Basis of preparation

The financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period. 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.

c. Use of estimates and judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented.

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

The key source of estimation of uncertainty that have a risk of causing a material adjustment within the next financial year are useful lives of property, plant and equipment, valuation of deferred tax assets, financial instruments and provisions and contingent liabilities. Key source of estimation of uncertainty in respect of revenue recognition, employee benefits and financial instruments have been discussed in their respective policies.

Useful lives of property and equipment

TCCI reviews the carrying amount of property and equipment at the end of each reporting period. This reassessment may affect depreciation expense in future periods.

Valuation of deferred tax assets

TCCI reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy has been explained under note 2(g).

Fair value measurement of financial instruments

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

Notes forming part of the Financial Statements

Provisions and contingent liabilities

A provision is recognised when TCCI 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 the end of each reporting period adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

d. Revenue recognition

TCCI earns revenues primarily from providing information technology and consultancy services, application development, information technology infrastructure management, including services under contracts for software development, implementation and other related services.

TCCI recognises revenue as follows:

Contracts are unbundled into separately identifiable components and the consideration is allocated to those identifiable components on the basis of their fair values. Revenue is recognised for respective components either at the point in time or over time, as applicable.

Revenues from contracts for consulting services with fees based on time and materials are recognized as the services are rendered and as related cost are incurred.

Revenue from software development contracts, which are generally time bound fixed price contracts, are recognized over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognized when probable. Revenues in excess of billings are recognized as unbilled revenues in the statement of financial position; to the extent billings are in excess of revenue recognized, the excess is reported as unearned and deferred revenue in the statement of financial position.

Revenue from maintenance contracts are recognized on pro-rata basis over the period of the contract.

Revenue from the sale of internally developed and manufactured systems and third party products which do not require significant modification is recognised upon delivery, which is when the absolute right to use passes to the customer and TCCI does not have any material remaining service obligations.

TCCI considers amounts to be earned when evidence of an arrangement has been obtained, services are delivered, fees are fixed or determinable and collectability is reasonably assured. TCCI provides certain of its customers with volume incentives, rebates or discounts. Revenue reported is net of estimated rebates or discounts.

Interest income is recognised using effective interest method.

e. Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their nature.

The costs for TCCI are broadly categorised into employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include services rendered by business associates and others, facility expenses, travel expenses and other expenses. Other expenses is an aggregation of costs which are individually not material such as printing and stationery, cost of equipment and software licenses, bad debts and advances written off, allowance for doubtful trade receivables and advances (net), communication expenses, entertainment ,etc.

f. Foreign currency

The functional and reporting currency of TCCI is the Canadian Dollar (CAD). Foreign currency transactions are translated into functional currency at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated into the functional currency using exchange rates prevailing on the balance sheet date. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

g. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. 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..

Current Income taxes

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period.

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 where TCCI intends and has a right to settle the asset and liability on a net basis.

Deferred Income taxes

TCCI accounts for the deferred income taxes using the balance sheet approach. Deferred income taxes are provided for the differences between the tax bases of assets or liabilities and their reported amounts in the financial statements.

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 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 year in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset and disclosed on net basis when they relate to the taxes levied by the same tax authority.

h. 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 measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

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 through other comprehensive income

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.

The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

Notes forming part of the Financial Statements

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized 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 or loss are immediately recognized in profit or loss.

Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognized by the Company are recognized at the proceeds received net off direct issue cost.

i. Property, plant and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives which are reviewed at the end of each reporting period, as follows:

Type of Asset	Method of Depreciation	Useful Life (No. of years)
Leasehold improvements	Straight Line	Lease Period
Computer equipment	Straight Line	4 years
Office equipment	Straight Line	5 years
Furniture and fixtures	Straight Line	5 years

Depreciation is not recorded on capital work in progress until construction and installation are complete and the asset is ready for its intended use.

j. Impairment

(i) Financial assets (other than at fair value)

The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction TCCI 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 is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non- financial assets

Tangible assets

Property and equipment 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 units (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 profit or loss.

Notes forming part of the Financial Statements

k. Employee benefits

Compensated Absences

TCCI provides for the cost of vacation earned but not availed based on the number of days of carry forward entitlement at each statement of financial position date on an actual basis.

Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

l. Operating lease

Lease arrangements where the risk and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the statements of profit or loss on a straight line basis.

m. Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.

n. Recent accounting standards

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[2]
Annual improvements — 2015-2017 cycle	IFRS 3 Business combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes, IAS 23 Borrowing costs[2]

[1] Effective for annual periods beginning on or after January 1, 2018.

[2] Effective for annual periods beginning on or after January 1, 2019.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the standard introduces a 5-step approach to revenue recognition:

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

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. In April 2016, the IASB issued clarifications to IFRS 15 in relation to identification of performance obligations, principal versus agent considerations as well as licensing application guidance. TCCI anticipates that the resultant impact, if any, of this Standard on its financial statements is not likely to be material.

Notes forming part of the Financial Statements

IFRS 16- Leases

In January 2016, IFRS 16 was issued which will replace the existing lease Standard, IAS 17 Leases, and the related Interpretations. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months. The Standard also contains enhanced disclosure requirements for lessees. TCCI is evaluating the impact, if any, of this standard on its financial statements.

IFRIC 22 – Foreign Currency Transactions and advance consideration

On December 8, 2016, the International Accounting Standards Board issued IFRIC 22 which clarifies the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. TCCI is evaluating the impact, if any, of IFRIC 22 on its financial statements.

IFRIC 23 – Uncertainty over Income Tax Treatments

On June 7, 2017, the International Accounting Standards Board issued IFRIC 23 which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. TCCI is evaluating the impact, if any, of IFRIC 23 on its financial statements.

IFRS 9 – Prepayment Features with Negative Compensation

In October 2017, the IASB issued amendments to IFRS 9, which amend the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. TCCI does not expect this amendment to have any significant impact on its financial statements.

IAS 28 – Long-term Interests in Associates and Joint Ventures

In October 2017, the IASB clarified that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. TCCI does not currently have any long-term interests in associates and joint ventures.

IAS 19 – Plan Amendment, Curtailment or Settlement

In February 2018, the IASB issued amendments to IAS 19 to clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. TCCI is evaluating the impact, if any, of IAS 19 on its financial statements.

Annual improvements — 2015-2017 cycle

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. TCCI will apply the pronouncement if and when it obtains control/ joint control of a business that is a joint operation.

Notes forming part of the Financial Statements

- IAS 12 Income Taxes — an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. TCCI is in the process of evaluating the impact of the new standard.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. TCCI does not expect any impact from this pronouncement.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

(In CAD)

	As at March 31, 2018	As at March 31, 2017
Current account balances with banks	**25,555,960**	25,748,483
Total	**25,555,960**	25,748,483

4. TRADE RECEIVABLES

Trade receivables consist of the following:

(In CAD)

	As at March 31, 2018	As at March 31, 2017
Trade receivables	**177,935,441**	142,728,179
Less: Allowance for doubtful trade receivables	**(1,476,924)**	(657,720)
Total	**176,458,517**	142,070,459

Trade receivables include balances with related parties. (Refer note 20)

Movements in allowance for doubtful trade receivables are as follows:

(In CAD)

	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	**657,720**	784,484
Add: Allowance for doubtful receivables	**1,830,023**	22,432
Less: Amount written off as uncollectible	**(368,992)**	-
Less: Amount written back during the year	**(608,761)**	(149,196)
Add / (Less): Foreign currency exchange loss/(gain)	**(33,066)**	-
Balance at end of the year	**1,476,924**	657,720

5. OTHER FINANCIAL ASSETS

Other financial assets consist of the following:

Other financial assets - Current

(In CAD)

	As at March 31, 2018	As at March 31, 2017
Interest receivable	**42,635**	7,500
Employee loans and advances (net of allowance of CAD19,394 and CAD 26,548 respectively)	**2,399,855**	1,761,759
Security deposits	**16,342**	30,820
Other deposits	**50,000**	50,000
Volume discount and other recoverable	**3,649,948**	5,562,600
Total	**6,158,780**	7,412,679

Notes forming part of the Financial Statements

6. OTHER ASSETS

Other assets consist of the following:

Other assets - Current

(In CAD)

	As at March 31, 2018	As at March 31, 2017
Prepaid expenses	**127,667**	420,873
Advance to suppliers	**22,174**	95,095
Others	**582,775**	35,891
Total	**732,616**	551,859

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

(In CAD)

	Leasehold Improvements	Computer equipment	Furniture and Fixtures	Office equipment	Total
Gross block as of April 1, 2017	**5,557,686**	**1,211,221**	**884,256**	**832,074**	**8,485,237**
Additions	**-**	**293,532**	**4,075**	**14,756**	**312,363**
Deletions / adjustments	**-**	**-**	**-**	**-**	**-**
Gross block as of March 31, 2018	**5,557,686**	**1,504,753**	**888,331**	**846,830**	**8,797,600**
Accumulated depreciation as of April 1, 2017	**819,383**	**872,985**	**457,494**	**331,382**	**2,481,244**
Depreciation for the year	**623,586**	**175,587**	**117,452**	**162,973**	**1,079,598**
Deletions / adjustments	**-**	**-**	**-**	**-**	**-**
Accumulated depreciation as of March 31, 2018	**1,442,969**	**1,048,572**	**574,946**	**494,355**	**3,560,842**
Net carrying amount as of March 31, 2018	**4,114,717**	**456,181**	**313,385**	**352,475**	**5,236,758**
Capital work-in-progress					**33,671**
Total					**5,270,429**
Gross block as of April 1, 2016	5,504,218	1,002,606	853,058	829,383	8,189,265
Additions	53,468	208,615	31,198	2,691	295,972
Deletions / adjustments	-	-	-	-	-
Gross block as of March 31, 2017	5,557,686	1,211,221	884,256	832,074	8,485,237
Accumulated depreciation as of April 1, 2016	194,493	733,784	340,948	164,095	1,433,320
Depreciation for the year	624,890	139,201	116,546	167,287	1,047,924
Deletions / adjustments	-	-	-	-	-
Accumulated depreciation as of March 31, 2017	819,383	872,985	457,494	331,382	2,481,244
Net carrying amount as of March 31, 2017	4,738,303	338,236	426,762	500,692	6,003,993
Capital work-in-progress					12,413
Total					6,016,406

Notes forming part of the Financial Statements

8. TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

(In CAD)

	As at March 31, 2018	As at March 31, 2017
Trade payables	**49,713,053**	35,553,974
Accrued expenses	**16,167,042**	14,636,034
Total	**65,880,095**	50,190,008

9. OTHER FINANCIAL LIABILITIES

Other current financial liabilities consist of the following:

Other financial liabilities - Current

(In CAD)

	As at March 31, 2018	As at March 31, 2017
Accrued interest	**-**	31
Capital creditors	**32,461**	12,414
Liabilities towards customer contracts	**9,991,412**	11,073,220
Accrued Payroll	**12,724,539**	6,550,995
Total	**22,748,412**	17,636,660

10. OTHER LIABILITIES

Other liabilities consist of the following:

a) Other liabilities - current

(In CAD)

	As at March 31, 2018	As at March 31, 2017
Advance received from customer	**1,710,500**	1,248,830
Indirect tax payable and other statutory liabilities	**9,376,464**	7,719,932
Operating lease liabilities	**234,911**	234,911
Others	**-**	1,230
Total	**11,321,875**	9,204,903

b) Other liabilities - Non-current

(In CAD)

	As at March 31, 2018	As at March 31, 2017
Operating lease liabilities	**1,673,791**	1,908,702
Total	**1,673,791**	1,908,702

11. INCOME TAXES

The income tax expense consists of the following:

(In CAD)

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax expense	**19,888,564**	23,143,355
Deferred tax expense / (benefit)	**147,861**	(367,448)
Total Income tax expense	**20,036,425**	22,775,907

Notes forming part of the Financial Statements

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit or loss and other comprehensive income is as follows:

(In CAD)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit before taxes	**75,061,181**	85,440,075
Statutory income tax rate	**26.5346%**	26.5415%
Expected income tax expense	**19,917,183**	22,677,108
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Non-deductible items and others	**119,241**	98,799
Total income tax expense	**20,036,425**	22,775,907

Significant components of net deferred tax assets for the year ended March 31, 2018

(In CAD)

	Opening balance	Recognised / (reversed) through Statement of Proft or Loss and Other Comprehensive Income	Closing balance
Deferred tax assets in relation to:			
Property, plant and equipment	**(298,583)**	**133,443**	**(165,140)**
Net asset adjustment for tax purposes on purchase of Canadian branch	**403,464**	**(30,270)**	**373,194**
Others including volume discount payable and straight ligning impact on operating lease liabilities	**2,485,263**	**(251,034)**	**2,234,229**
Total deferred tax asset (net)	**2,590,144**	**(147,861)**	**2,442,283**

Significant components of net deferred tax assets for the year ended March 31, 2017

(In CAD)

	Opening balance	Recognised / (reversed) through Statement of Proft or Loss and Other Comprehensive Income	Closing balance
Deferred tax assets in relation to:			
Property, plant and equipment	(31,575)	(267,008)	(298,583)
Net asset adjustment for tax purposes on purchase of Canadian branch	436,022	(32,558)	403,464
Others including volume discount payable and straight ligning impact on operating lease liabilities	1,818,249	667,014	2,485,263
Total deferred tax asset (net)	2,222,696	367,448	2,590,144

Notes forming part of the Financial Statements

12. SHARE CAPITAL

(In CAD)

	As at March 31, 2018	As at March 31, 2017
Issued, subscribed and paid up		
1,000 equity shares of USD 0.25 each	**387**	387
100 equity shares of CAD 70,653.61 each	**7,065,361**	7,065,361
Total	**7,065,748**	7,065,748

13. EMPLOYEE BENEFIT OBLIGATION

Current employee benefit obligations consist of the following:

(In CAD)

	As at March 31, 2018	As at March 31, 2017
Compensated absences	**16,554,349**	12,560,539
Total	**16,554,349**	12,560,539

14. OTHER OPERATING EXPENSES

(In CAD)

	Year ended March 31,2018	Year ended March 31, 2017
Services rendered by business associates and others	**382,012,041**	355,162,399
Travelling expenses	**2,250,529**	2,068,503
Facility expenses	**1,947,491**	2,060,733
Legal and professional fees	**1,876,102**	2,653,891
Recruitment and training expenses	**703,299**	586,861
Marketing expenses	**889,715**	866,079
Other expenses	**31,590,688**	22,268,357
Total	**421,269,865**	385,666,823

15. OTHER GAINS, (NET)

(In CAD)

	Year ended March 31,2018	Year ended March 31, 2017
Net foreign exchange (loss) /gains	**(493,011)**	381,154
Others	**823,171**	1,050,477
Total	**330,160**	1,431,631

16. LEASES

Operating lease rental expenses including operating cost was CAD 1,913,317 and CAD 1,884,261 for the years ended March 31, 2018 and March 31, 2017 respectively.

The following is a summary of future minimum lease rental commitments towards non-cancellable operating leases and finance leases:

Notes forming part of the Financial Statements

(In CAD)

	As at March 31, 2018	As at March 31, 2017
Due within one year	**1,900,369**	1,900,369
Due in period between one year and five years	**7,848,982**	7,776,541
Due after five years	**3,123,616**	5,096,426
Total minimum lease commitments	**12,872,967**	14,773,336

17. FINANCIAL INSTRUMENTS

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(h) to the financial statements.

(a) Financial assets and liabilities

The fair values of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 approximate the carrying amounts due to short term maturities of these instruments:

(In CAD)

	Total carrying value at amortised cost as at March 31,2018	Total carrying value at amortised cost as at March 31,2017
Financial assets:		
Cash and cash equivalents	**25,555,960**	25,748,483
Trade receivables	**176,458,517**	142,070,459
Unbilled revenues	**36,722,183**	28,154,448
Other financial assets	**6,158,780**	7,412,679
Total	**244,895,440**	203,386,070
Financial liabilities:		
Trade and other payables	**65,880,095**	50,190,008
Other financial liabilities	**22,748,412**	17,636,660
Total	**88,628,507**	67,826,668

(b) Financial risk management

TCCI is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. TCCI has a risk management policy which covers risks associated with the financial assets and liabilities.

i. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the on the statement of profit or loss 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 entity.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against CAD.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar and Euro.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the functional currency the Company.

The following table sets forth information relating to foreign currency exposure as of March 31, 2018:

(In CAD)

	USD	**EUR**	**Others***	**Total**
Financial assets	**30,488,469**	**403,762**	**333,413**	**31,225,644**
Financial liabilities	**5,913,099**	**23,291**	**705,926**	**6,642,315**
Net exposure assets / (liabilities)	**24,575,370**	**380,471**	**(372,512)**	**24,583,329**

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of TCCI would result in decrease / increase in the Company's profit before tax by approximately CAD 2,458,332 for the year ended March 31, 2018.

*Others include currencies such as Great Britain Pound, Singapore Dollar, Mexican Peso, Swiss Franks and Sweden Kroner.

The following table sets forth information relating to foreign currency exposure as of March 31, 2017:

(In CAD)

	USD	EUR	Others*	Total
Financial assets	20,255,795	51,941	16,181	20,323,916
Financial liabilities	6,418,731	9,376	106,210	6,534,316
Net exposure assets / (liabilities)	13,837,064	42,565	(90,029)	13,789,600

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of TCCI would result in decrease / increase in the Company's profit before tax by approximately CAD 1,378,960 for the year ended March 31, 2017.

*Others include currencies such as Indian Rupee, Singapore Dollar and Swiss Franks.

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.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was CAD 244,895,440 and CAD 203,386,070 as of March 31, 2018 and March 31, 2017, respectively being the total of the carrying amount of cash and cash equivalents, trade receivables and unbilled revenue and other financial assets. Cash and cash equivalents are held with bank with high credit ratings. As at March 31, 2018, there were no indications that any defaults will occur on trade receivables, unbilled revenues or other financial assets.

TCCI's exposure to customers is diversified and single customer which explains more than 10% of outstanding accounts receivable and unbilled revenues as of March 31, 2018 and March 31, 2017 respectively are as follows:

Notes forming part of the Financial Statements

(In CAD)

	As at March 31, 2018		As at March 31, 2017	
	Total trade receivable and unbilled revenues	**Percentage**	Total trade receivable and unbilled revenues	Percentage
Customer F	**41,145,752**	**19.30%**	32,472,986	18.83%
Customer B	**30,171,337**	**14.15%**	27,577,824	15.99%
Customer D	**24,313,457**	**11.41%**	19,112,707	11.08%

TCCI's cash and cash equivalents, trade receivables, unbilled revenue and other financial assets are substantially held in Canada.

iii. Liquidity risk

Liquidity risk refers to the risk that TCCI 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.

TCCI consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The table below provides details regarding the contractual maturities of significant financial liabilities:

As at March 31, 2018	**Due in 1st year**	**Due in 2nd to 5th year**	**Total**
Trade and other payables	**65,880,094**	**-**	**65,880,094**
Other financial liabilities	**22,748,412**	**-**	**22,748,412**
	88,628,506	**-**	**88,628,506**

As at March 31, 2017	Due in 1st year	Due in 2nd to 5th year	Total
Trade and other payables	50,190,008	-	50,190,008
Other financial liabilities	17,636,660	-	17,636,660
	67,826,668	-	67,826,668

18. REGISTERED RETIREMENT SAVINGS PLAN

TCCI has a Registered Retirement Savings Plan ('RRSP') for local staff of Canada referred to as Employer Sponsored RRSP. Under such plan, as per written instruction of each employee a fixed percentage of their base salary per pay cycle is deducted as employee contribution to the plan and employer also matches employee contribution with a cap of 4% of the base salary of the employee. TCCI contribution was CAD 4,587,793 and CAD 3,799,132 for the years ended March 31, 2018 and March 31, 2017 respectively.

19. COMMITMENTS AND CONTINGENCIES

Commitments and contingent liabilities are as follows:

Capital commitments

CAD 30,554 and CAD 41,676 was contractually committed for purchase of property and equipment as of March 31, 2018 and March 31, 2017 respectively .

Contingencies

The contingencies as of March 31, 2018 and March 31, 2017 are Nil.

Notes forming part of the Financial Statements

20. RELATED-PARTY TRANSACTIONS WITH TCS LIMITED AND ITS SUBSIDIARIES

TCCI's principal related parties consist of its holding company TCS Limited and its subsidiaries. TCCI routinely enters into transactions with its related parties in the ordinary course of business. The ultimate holding company of TCCI is Tata Sons Limited. TCCI's principal related party balances and transactions are summarized as follows:

Transactions with related parties

(In CAD)

	As at March 31, 2018			
	With TCS Limited, the holding company	**With subsidiaries of TCS Limited**	**With Tata Sons Limited, the ultimate parent company**	**Total**
Revenues from sale of services	**2,355,711**	**28,748,413**	**-**	**31,104,125**
Recovery of expenses	**45,416,415**	**852,994**	**-**	**46,269,409**
Purchases of goods and services	**346,946,520**	**5,271,358**	**-**	**352,217,879**
Brand equity contribution	**-**	**-**	**2,111,245**	**2,111,245**
Dividend paid	**35,000,000**	**-**	**-**	**35,000,000**

(In CAD)

	As at March 31, 2017			
	With TCS Limited, the holding company	With subsidiaries of TCS Limited	With Tata Sons Limited, the ultimate parent company	Total
Revenues from sale of services	-	18,273,894	-	18,273,894
Recovery of expenses	36,464,221	432,543	-	36,896,764
Purchases of goods and services	314,804,514	6,080,773	-	320,885,287
Brand equity contribution	-	-	1,834,901	1,834,901
Dividend paid	35,000,000	-	-	35,000,000

(In CAD)

	As at March 31, 2018			
	With TCS Limited, the holding company	**With subsidiaries of TCS Limited**	**With Tata Sons Limited, the ultimate parent company**	**Total**
Trade receivable and unbilled revenues (net)	**13,341,647**	**3,701,428**	**-**	**17,043,075**
Volume discount and other recoverable	**3,377,099**	**272,849**	**-**	**3,649,948**
Total	**16,718,746**	**3,974,277**	**-**	**20,693,023**

Notes forming part of the Financial Statements

(In CAD)

	As at March 31, 2017			
	With TCS Limited, the holding company	With subsidiaries of TCS Limited	With Tata Sons Limited, the ultimate parent company	Total
Trade receivable and unbilled revenues (net)	3,383,737	3,017,199	-	6,400,936
Volume discount and other recoverable	5,266,416	296,184	-	5,562,600
Total	8,650,153	3,313,383	-	11,963,536

Balances payable to related parties

(In CAD)

	As at March 31, 2018			
	With TCS Limited, the holding company	**With subsidiaries of TCS Limited**	**With Tata Sons Limited, the ultimate parent company**	**Total**
Trade payables, unearned and deferred revenue	**47,843,871**	**1,080,532**	**2,111,245**	**51,035,648**
Total	**47,843,871**	**1,080,532**	**2,111,245**	**51,035,648**

(In CAD)

	As at March 31, 2017			
	With TCS Limited, the holding company	With subsidiaries of TCS Limited	With Tata Sons Limited, the ultimate parent company	Total
Trade payables, unearned and deferred revenue	36,062,591	970,254	1,834,901	38,867,746
Total	36,062,591	970,254	1,834,901	38,867,746

Compensation paid to key management personnel

(In CAD)

	Year ended March 31, 2018	Year ended March 31, 2017
Short-term benefits	**457,362**	344,908
Professional fees	**7,704**	10,850
Total	**465,066**	355,758

TATA CONSULTANCY SERVICES (SOUTH AFRICA) PROPRIETARY LIMITED

(Registration Number: 2007/031334/07)

ANNUAL FINANCIAL STATEMENTS

For the year ended
March 31, 2018

tcs50 TATA

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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DIRECTORS' STATEMENT OF RESPONSIBILITY

The directors of the Company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

The directors are also responsible for the Company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the Company's assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems have occurred during the year under review.

The annual financial statements have been prepared on the going concern basis since the directors believe that the Company has adequate resources in place to continue in operation for the foreseeable future.

Directors' approval of the annual financial statements

The annual financial statements and directors report were approved by the Directors on May 18, 2018 and are signed their behalf by:

Mr. Vishwanathan Iyer

Authorised Director

Mr. Henry Langa Dube

Authorised Director

DIRECTORS' REPORT

The directors have pleasure in presenting their report on the activities of the Company for the year ended March 31, 2018.

Nature of business

The Company provides IT consulting services.

General review of operations

The financial position of the Company and the results of its operations for the year under review are set out in the attached financial statements and in the opinion of the directors require no further comment. Profit after tax for the Company amounted to 2018: R 67,600,857 and (2017: R 59,034,250) respectively.

Dividends

A dividend of R 29,700,001 was paid during the year ended March 31, 2018 (2017: R 93,916,500)

Shareholders

The current shareholders of Tata Consultancy Services (South Africa) Proprietary Limited are:

	As at March 31, 2018	As at March 31, 2017
Tata Consultancy Services (Africa) Proprietary Limited	**100%**	100%

Directors and secretary

The directors of the Company during the year under review and up to the date of this report are:

Mr. Henry Langa Dube (Appointed on September 11, 2017)

Mr. Ravi Viswanathan* (Resigned on September 11,2017)

Mr. Vishwanathan Iyer*

*Indian

Registered office and postal address

The registered office and postal address of the Company are:

Registered Address: 39, Ferguson Road, Illovo, 2196

Postal address: P.O. Box 706, Melrose Arch, 2076

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF
TATA CONSULTANCY SERVICES (SOUTH AFRICA) PROPRIETARY LIMITED

Opinion

We have audited the financial statements Tata Consultancy Services (South Africa) Proprietary Limited (the company) set out below, which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tata Consultancy Services (South Africa) Proprietary Limited as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa and the Directors' Statement of Responsibility. 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 International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG Inc.

Per C Erasmus
Chartered Accountant (SA)
Registered Auditor
Director
18 May 2018

Statement of Financial Position as at March 31, 2018

(Amount in : ZAR)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS:			
Current assets:			
Cash and cash equivalents	3	**96,081,093**	92,054,470
Trade receivables	4	**333,269,117**	330,278,497
Unbilled revenues		**52,740,472**	47,269,938
Other financial assets	5	**9,383,643**	9,834,732
Income tax assets (net)		**10,098,571**	-
Other assets	6	**208,367,463**	198,036,312
Total current assets		**709,940,359**	677,473,949
Non-current assets:			
Property, plant and equipment	7	**3,459,341**	3,338,651
Deferred tax assets (net)	16	**70,116,370**	59,940,898
Total non-current assets		**73,575,711**	63,279,549
TOTAL ASSETS		**783,516,070**	740,753,498
LIABILITIES AND EQUITY:			
Liabilities:			
Current liabilities:			
Trade payables	8	**372,197,836**	386,389,242
Other financial liabilities	9	**1,642,305**	1,492,865
Unearned and deferred revenue		**236,097,368**	203,710,608
Employee benefit obligations	10	**2,099,707**	1,225,448
Provisions		**343,641**	-
Income tax liabilities		**-**	5,494,876
Other liabilities	11	**11,342,479**	20,548,581
Total current liabilities		**623,723,336**	618,861,620
TOTAL LIABILITIES		**623,723,336**	618,861,620
Equity:			
Share capital	12	**18,000,001**	18,000,001
Retained earnings		**141,792,733**	103,891,877
Total equity		**159,792,734**	121,891,878
TOTAL LIABILITIES AND EQUITY		**783,516,070**	740,753,498

See accompanying notes forming part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income for the year ended March 31, 2018

(Amount in : ZAR)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue	13	**1,537,253,116**	1,366,176,818
Operating expenses:			
Employee cost		**56,265,692**	46,155,255
Other operating expenses	14	**1,391,262,634**	1,244,317,783
Depreciation	7	**1,318,487**	935,796
Total operating expenses		**1,448,846,813**	1,291,408,834
Operating profit		**88,406,303**	74,767,984
Other income / (expense):			
Net foreign exchange gains / (losses)		**358,487**	(557,336)
Finance and other income	15	**5,175,253**	6,989,344
Total other income / (expense)		**5,533,740**	6,432,008
Profit before Taxes		**93,940,043**	81,199,992
Income tax expense	16	**26,339,186**	22,165,742
Profit for the year		**67,600,857**	59,034,250
Total comprehensive income, net of taxes:		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**67,600,857**	59,034,250

See accompanying notes forming part of the financial statements.

Statement of changes in Equity for the year ended March 31, 2018

(Amount in : ZAR)

	Share capital	Retained earnings	Total equity
Balance as at April 1, 2016	18,000,001	138,174,127	156,174,128
Total comprehensive income for the year	-	59,034,250	59,034,250
Dividend	-	(93,316,500)	(93,316,500)
Balance as at March 31, 2017	**18,000,001**	**103,891,877**	**121,891,878**
Total comprehensive income for the year	-	67,600,857	67,600,857
Dividend	-	(29,700,001)	(29,700,001)
Balance as at March 31, 2018	**18,000,001**	**141,792,733**	**159,792,734**

See accompanying notes forming part of the financial statements.

Statement of Cash Flows for the year ended March 31, 2018

(Amount in : ZAR)

	Note	For Year ended March 31, 2018	For Year ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year		**67,600,857**	59,034,250
Adjustment to reconcile profit or loss to net cash provided by operating activities:			
Depreciation	7	**1,318,487**	935,796
Income tax expense		**26,339,186**	22,165,742
Provision for forseeable losses		**343,637**	-
Provision for doubtful debts (net)		**737,681**	525,261
Operating profit before working capital changes		**96,339,848**	82,661,049
Net change in:			
Trade receivables		**(3,728,300)**	2,646,461
Unbilled revenues		**(5,470,533)**	(18,861,617)
Other financial assets		**451,088**	(2,670,977)
Other assets		**(10,331,150)**	(197,286,533)
Trade and other payables		**(14,191,406)**	162,044,932
Other financial liabilities		**149,441**	584,339
Unearned and deferred revenues		**32,386,761**	160,609,807
Employee benefit obligations		**874,259**	23,213
Other liabilities		**(9,206,101)**	9,307,253
Cash generated from operating activites		**87,273,907**	199,057,927
Taxes paid		**(52,108,106)**	(63,548,697)
Net cash generated from operating activities		**35,165,801**	135,509,230
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(1,448,419)**	(2,718,350)
Disposal of property, plant and equipment		**9,242**	9,555
Net cash generated by investing activities		**(1,439,177)**	(2,708,795)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of Dividend		**(29,700,001)**	(93,316,500)
Net cash used in financing activities		**(29,700,001)**	(93,316,500)
Net change in cash and cash equivalents		**4,026,623**	39,483,935
Cash and cash equivalents, beginning of the year		**92,054,470**	52,570,535
Cash and cash equivalents, end of the year	3	**96,081,093**	92,054,470

See accompanying notes forming part of the Financial Statements.

Notes forming part of the Financial Statements

1. BACKGROUND AND OPERATIONS

Tata Consultancy Services (South Africa) Propreitary Limited. (the "Company") is registered under Companies Act of South Africa having registration number 2007/031334/07

The Company is engaged in a wide range of information technology and consultancy services including systems hardware and software, communications and networking, hardware sizing and capacity planning, software project management solutions, technology education services and business process outsourcing.

The address of the Company's registered office is 39 Ferguson road, Illovo, 2196

The financial statements were approved and authorised for issue on May 18, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

b. Basis of preparation

The financial statements have been prepared on historical cost basis except otherwise stated. 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.

c. Use of estimates and judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented.

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

The key source of estimation uncertainty that have a risk of causing a material adjustment within the next financial year are as follows

Provisions and contingent liabilities.

A provision is recognised when the Company has a present obligation as a result of past event and it is probable than 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 the end of each reporting period adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy has been explained under note 2(g)

Percentage-of-completion

The Company uses the percentage-of-completion method in accounting for part of its turnkey revenue. Use of the percentage-of-completion method requires the Company to estimate the proportion of work performed to date. Management considers that the percentage of cost incurred to date to the total estimated cost is the most appropriate measure of determining the percentage of completion to arrive to the revenue amount to be recognised.

d. Revenue recognition

The Company earns revenues primarily from providing information technology and consultancy services, application development, IT infrastructure management, including services under contracts for software development, implementation and other related services.

Notes forming part of the Financial Statements

Revenue from bundled contracts that involve supplying computer equipment, licensing software and providing services is allocated separately for each element based on their fair values.

Revenues from contracts priced on a time and material basis is recognized as the services are rendered and as related costs are incurred.

Revenues from software development contracts, which are generally time bound fixed price contracts, are recognized over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognized when probable. Revenues in excess of billings are recognized as unbilled revenues in the statement of financial position; to the extent billings are in excess of revenues recognized, the excess is reported as unearned and deferred revenue in the statements of financial position.

Revenues from business process services contracts priced on the basis of time and material or unit of delivery are recognized as services are rendered or the related obligation is performed.

Revenues from maintenance contracts are recognized on pro-rata basis over the period of contract.

Revenue is recognized only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

Revenue is reported net of discounts and indirect taxes.

Interest income is recognised using effective interest method.

e. Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their nature in the following categories:

The costs of the Company are broadly categorised into employee benefit expenses, depreciation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, facility expenses, travel expenses, cost of equipment and software licenses, communication expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances (net) and other expenses. Other expenses is an aggregation of costs such as contribution to Brand Equity, employee cost recovery, corporate overhead allocation etc.

During the Financial year, the Company decided to present an analysis of expenses recognized in the Profit or Loss using a classification based on their nature instead of by their function. The change has been made, as classification of expenses by nature is considered to provide more reliable and relevant information to users than their classification by function. Information on the nature of expenses is useful in predicting future cash flows. Classification by nature is simple and does not require allocations and involves lesser management judgement. The Company intends to follow this approach on a consistent basis.

f. Foreign currency

The functional and reporting currency of Tata Consultancy Services (South Africa) Proprietary Limited is Rands ("ZAR") . Foreign currency transactions are translated into functional currency at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated into the functional currency using exchange rates prevailing on the reporting date. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities are included in profit or loss. Non monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

g. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period. 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 unit intends to settle the asset and liability on a net basis.

Deferred income taxes are provided for the temporary differences between the tax base of assets and liabilities and their reported amounts in the financial statements.

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 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.

h. Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The Company classifies non-derivative financial liabilities into the following categories: financial liabilities at FVTPL and other financial liabilities.

Cash and cash equivalents

The company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

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 in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the company is recognised as a separate asset or liability.

Financial assets at FVTPL

A financial asset is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at FVTPL are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Notes forming part of the Financial Statements

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments , are recognised in other comprehensive income (OCI) and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Non-derivative financial liabilities–Measurement

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss. Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

i. Property, plant and equipment

Property and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. Depreciation is provided for property and equipment so as to expense the cost over their estimated useful lives as follows:

Type Of Asset	Method	Useful life (in years)
Computer equipment	Straight Line Method	4 years
Furniture and Fixtures	Straight Line Method	5 years
Office equipment	Straight Line Method	5 years
Leasehold Improvements	Straight Line Method	Over lease period

Assets held under finance leases are depricated over the shorter of the lease term and their useful lives. Depreciation is not recorded on capital work in progress until construction and installation are complete and the asset is ready for its intended use.

j. Impairment

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

k. Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

l. Employee benefits obligation

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee render the related services are recognised as undiscounted liability at the date of statement of financial position.

m. Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in profit and loss statement

n. Capital management

The Company's objective for capital management is to maximize 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 product and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated.

o. Recent Accounting Standards –

IFRS 15	Revenue from Contracts with Customers[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[2]
IFRS 16	Leases [2]
IFRS 9 (2014)	Financial Instruments[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Annual improvements — 2015-2017 cycle	FRS 3 Business combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes, IAS 23 Borrowing costs[2]

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

[1]Effective for annual periods beginning on or after January 1, 2018

[2]Effective for annual periods beginning on or after January 1, 2019

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Notes forming part of the Financial Statements

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. In April 2016, the IASB issued clarification to IFRS in relation to identification of the performance obligations, principal versus agent consideration as well as licensing application guidance.

The Company has completed its evaluation of the possible impact of IFRS 15 over the past few quarters. The Company will adopt IFRS 15 with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material to its net income on an ongoing basis.

IFRIC 22- Foreign Currency Transactions and advance consideration

On December 8, 2016, the International Accounting Standards Board issued IFRIC 22 which clarifies the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact, if any, of IFRIC 22 on its financial statements.

IFRS 16- Leases

On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS16, Leases. IFRS16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. The impact of this standard on the financial statements will be evaluated.

IFRIC 23- Uncertainty over Income Tax Treatments

On June 7, 2017, the International Accounting Standards Board issued IFRIC 23 which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39.

Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

- Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The Company is in the process of evaluating the impact of the new standard."

Annual improvements — 2015-2017 cycle

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:"

- IAS 12 Income Taxes — an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company is in the process of evaluating the impact of the new standard.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this pronouncement.

3. CASH AND CASH EQUIVALENTS

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Cash in hand	**16,000**	5,873
Balances with bank	**96,065,093**	62,048,597
Short term bank deposits	**-**	30,000,000
Total	**96,081,093**	92,054,470

4. TRADE RECEIVABLES

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Trade receivables*	**339,519,930**	335,791,629
Less: Allowance for doubtful trade receivables	**(6,250,813)**	(5,513,132)
Total	**333,269,117**	330,278,497

* Trade receivable include balances with related party of ZAR 29,319,119 as at March 31, 2018 (ZAR 24,455,368 as at March 31, 2017) (Refer Note No. 20)

Notes forming part of the Financial Statements

4. TRADE RECEIVABLES (Contd.)

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
The aging of trade receivables is as follows:		
(i) Aging of neither past due nor impaired		
Not Due	**209,610,466**	223,564,863
(ii) Aging of past due but not impaired		
0-30 days	**24,086,852**	48,742,265
31-60 days	**21,857,046**	6,538,485
61-90 days	**23,446,860**	34,062,248
91-180 days	**33,565,384**	10,868,290
More than 180 days	**20,702,509**	6,502,346
Total	**123,658,651**	106,713,634
(iii) Movement in the provision for doubtful debt		
At April 1,	**5,513,132**	4,987,872
Additional provision during the year	**1,424,996**	1,441,330
Reversed during the year	**(687,315)**	(916,070)
At March 31,	**6,250,813**	5,513,132
(iv) Major customers contributing to 50% of total debtors		
1. Liquid Telecommunications South Africa (Pty) Ltd.	**79,630,907**	-
2. Vodacom Pty. Ltd.	**53,446,275**	46,429,325
3. MTN Pty. Ltd.	**24,128,007**	8,073,096
4. Standard bank of South Africa Limited	**20,517,529**	26,275,130
Total	**177,722,718**	80,777,551

5. OTHER FINANCIAL ASSETS

Other financial asset consist of the following:

Other financial assets - Current

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Employee advances (net of allowance)	**2,793,987**	2,282,840
Premises deposits net of allowance	**5,817,930**	5,501,329
Accrued interest	**-**	495,587
Loans to employees	**127,308**	90,468
Others*	**644,418**	1,464,508
Total	**9,383,643**	9,834,732

* Other include balances with related party of ZAR 626,145 as at March 31, 2018 (ZAR 1,373,733 as at March 31, 2017) (Refer Note No. 20)

Notes forming part of the Financial Statements

6. OTHER ASSETS

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Other assets consist of the following		
Other assets - Current		
Advance to suppliers	**18,169**	280,838
Prepaid expenses*	**208,317,107**	197,598,861
Other current assets	**32,187**	156,613
Total	**208,367,463**	198,036,312

* Prepaid expense include balances with related party of ZAR 203,676,566 as at March 31, 2018 (ZAR 195,579,234 as at March 31, 2017) (Refer Note No. 20)

7. PROPERTY, PLANT AND EQUIPMENT

(Amount in : ZAR)

	Leasehold Improvements	Computer equipment	Furniture and Fixtures	Office equipment	Total
Gross block as at April 1, 2017	**190,000**	**7,379,658**	**183,833**	**532,470**	**8,285,961**
Additions	**-**	**1,338,562**	**49,785**	**-**	**1,388,347**
Disposals	**-**	**(13,400)**	**-**	**-**	**(13,400)**
Gross block as at March 31, 2018	**190,000**	**8,704,820**	**233,618**	**532,470**	**9,660,908**
Accumulated depreciation as at April 1, 2017	**52,749**	**4,523,336**	**48,471**	**335,661**	**4,960,217**
Disposals	**-**	**(4,158)**	**-**	**-**	**(4,158)**
Depreciation for the year	**63,333**	**1,169,747**	**38,250**	**47,157**	**1,318,487**
Accumulated depreciation as at March 31, 2018	**116,082**	**5,688,925**	**86,721**	**382,818**	**6,274,546**
Net carrying amount as at March 31, 2018	**73,918**	**3,015,895**	**146,897**	**149,652**	**3,386,362**
Capital work in progress					**72,979**
Total					**3,459,341**
Gross block as at April 1, 2016	-	4,953,458	49,348	318,104	5,320,910
Additions	190,000	2,437,639	144,838	214,366	2,986,843
Disposals	-	(11,439)	(10,353)	-	(21,792)
Gross block as at March 31, 2017	190,000	7,379,658	183,833	532,470	8,285,961
Accumulated depreciation as at April 1, 2016	-	3,687,811	44,174	304,673	4,036,658
Disposals	-	(1,884)	(10,353)	-	(12,237)
Depreciation for the year	52,749	837,408	14,650	30,989	935,796
Accumulated depreciation as at March 31, 2017	52,749	4,523,335	48,471	335,662	4,960,217
Net carrying amount as at March 31, 2017	137,251	2,856,323	135,362	196,808	3,325,744
Capital work in progress					12,907
Total					3,338,651

Notes forming part of the Financial Statements

8. TRADE PAYABLES

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Trade payables *	**290,423,140**	299,154,500
Accrued expenses	**81,774,696**	87,234,742
Total	**372,197,836**	386,389,242

* Trade payable include balances with related party of ZAR 349,277,158 as at March 31, 2018 [ZAR 362,460,435 as at March 31, 2017] (Refer Note No. 20)

9. OTHER FINANCIAL LIABILITIES - CURRENT

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Accrued payroll	**873,610**	-
Liabilities towards customer contracts	**695,716**	1,492,865
Capital creditors	**72,979**	-
Total	**1,642,305**	1,492,865

10. EMPLOYEE BENEFITS:

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Employee benefit obligation consist of the following:		
Employee benefit obligations - Current		
Leave - Current Compensated absences	**2,099,707**	1,225,448
Total	**2,099,707**	1,225,448

11. OTHER CURRENT LIABILITIES - CURRENT

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Advance received from customers	**1,268,797**	29,355
Indirect tax payable and other statutory liabilities	**9,824,610**	20,476,549
Provision for rent	**249,072**	42,677
Total	**11,342,479**	20,548,581

Notes forming part of the Financial Statements

12. AUTHORISED, ISSUED, SUBSCRIBE AND PAID UP SHARE CAPITAL

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Authorised:		
20,000,000 ordinary shares of R1 each	**20,000,000**	**20,000,000**
Issued :		
18,000,001 ordinary shares of R1 each	**18,000,001**	18,000,001

The remaining unissued ordinary shares are under the unrestricted control of the directors until the forthcoming annual general meeting.

Share holding	**Percentage**	**Percentage**
Tata Consulatancy Services (Africa) Proprietary Limited	**100%**	**100%**

13. REVENUE

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Revenue from consultancy services	**1,460,349,017**	1,332,826,462
Revenue from sale of equipment and software licences	**76,904,099**	33,350,356
Total	**1,537,253,116**	1,366,176,818

14. OTHER OPERATING EXPENSES

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Communication	**1,596,099**	1,782,190
Facility running expenses *	**73,678,364**	68,419,732
Fees to external consultants	**56,124,139**	50,362,965
Project expenses	**1,161,886,419**	1,073,412,064
Other expenses	**20,333,968**	9,303,727
Travel expenses	**5,777,726**	8,186,045
Cost of equipment and software licenses	**71,865,919**	32,851,060
Total	**1,391,262,634**	1,244,317,783

*Facility running expenses includes operating lease rental expenses amounting ZAR 71,554,318 for March 31, 2018, (ZAR 67,239,997 for March 31, 2017).

15. FINANCE AND OTHER INCOME

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Interest on Fixed deposits	**628,973**	954,521
Interest on balance with bank	**4,546,280**	5,352,202
Others	**-**	682,621
Total	**5,175,253**	6,989,344

Notes forming part of the Financial Statements

16. INCOME TAX

The income tax expense consists of the following:

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Current Tax		
Current tax expense	**36,514,658**	67,196,736
Deferred tax expense	**(10,175,472)**	(45,030,994)
Total	**26,339,186**	22,165,742

The reconciliation of estimated income tax expense at the Statutory income tax rate to income tax expense reported in statement of profit or loss and other comprehensive income is as follows

(Amount in : ZAR)

	As at March 31, 2018	As at March 31, 2017
Current tax Expenses		
Income before Taxes	**93,940,043**	81,199,992
Statutory Tax rate	**28.00%**	28.00%
Expected income tax expense	**26,303,212**	22,735,998
Less: Income exempt from tax	**-**	1,097,739
Tax pertaining to prior years:		
Deferred tax	**-**	161,425
Temporary disallowed expenses		
Depreciation on lease hold	**17,733**	-
Donations	**2,240**	145,246
Other non deductible	**16,001**	-
Provision on doubtful debts	**-**	220,812
Total tax expense	**26,339,186**	22,165,742

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

(Amount in : ZAR)

	Opening balance as on March 31, 2017	Recognised through profit or loss	Closing balance as on March 31, 2018
Deferred Tax Assets			
Deferred tax assets in relation to			
Deferred revenue	57,038,970	**9,068,293**	**66,107,263**
Allowances for Receivables, loans and advances	(338,526)	**(45,296)**	**(383,822)**
Disallowed expenses	3,240,454	**1,152,475**	**4,392,929**
Total deferred tax asset	59,940,898	**10,175,472**	**70,116,370**

Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows

(Amount in : ZAR)

	Opening balance as on March 31, 2017	Recognised through profit or loss	Closing balance as on March 31, 2018
Deferred Tax Assets			
Deferred tax assets in relation to:			
Deferred revenue	12,068,224	**44,970,746**	**57,038,970**
Allowances for Receivables, loans and advances	(306,273)	**(32,253)**	**(338,526)**
Provisions	3,141,760	**98,694**	**3,240,454**
Lease straighting provision	36,433	**(36,433)**	**-**
Other	(30,240)	**30,240**	**-**
Total deferred tax asset	14,909,904	**45,030,994**	**59,940,898**

17. OPERATING LEASE COMMITMENTS

At the statement of financial position date the Company has outstanding commitments under non-cancellable operating leases in respect of premises which fall due as follows

(Amount in : ZAR)

As at March 31, 2018	**Within 1 Yr**	**Between 1-5 Yrs**
Expat Housing	**-**	**-**
Total	**-**	**-**

As at March 31, 2017	Within 1 Yr	Between 1-5 Yrs
Expat Housing	893,000	-
Total	893,000	-

In the previous year the disclosure included the amounts outstanding towards the cancellable and non-cancellable portion of the lease commitments.

18. FINANCIAL INSTRUMENTS

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2(h) to the financial statements.

(a) Financial assets and liabilities

The fair value of financial assets and financial liabilities as at March 31, 2018 is as follows

(Amount in : ZAR)

	Cash and loans receivable	Financial liability	Total carrying	Total fair value
Assets:				
Cash and cash equivalents	**96,081,093**	**-**	**96,081,093**	**96,081,093**
Trade receivables	**333,269,117**	**-**	**333,269,117**	**333,269,117**
Unbilled revenues	**52,740,472**	**-**	**52,740,472**	**52,740,472**
Other financial assets	**9,383,643**	**-**	**9,383,643**	**9,383,643**
Total	**491,474,325**	**-**	**491,474,325**	**491,474,325**
Liabilities:				
Trade payables	**-**	**372,197,836**	**372,197,836**	**372,197,836**
Other financial liabilities	**-**	**1,642,305**	**1,642,305**	**1,642,305**
Total	**-**	**373,840,141**	**373,840,141**	**373,840,141**

Notes forming part of the Financial Statements

The fair value of financial assets and financial liabilities as at March 31, 2017 is as follows

(Amount in : ZAR)

	Cash and loans receivable	Financial liability	Total carrying	Total fair value
Assets:				
Cash and cash equivalents	92,054,470	-	92,054,470	92,054,470
Trade receivables	330,278,497	-	330,278,497	330,278,497
Unbilled revenues	47,269,938	-	47,269,938	47,269,938
Other financial assets	9,834,732	-	9,834,732	9,834,732
Total	479,437,637	-	479,437,637	479,437,637
Liabilities:				
Trade payables	-	386,389,242	386,389,242	386,389,242
Other financial liabilities	-	1,492,865	1,492,865	1,492,865
Total	-	387,882,107	387,882,107	387,882,107

19. FINANCIAL RISK MANAGEMENT

TheCompany is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities.

(i) 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.

(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.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ZAR 491,474,325 and ZAR 479,437,637 as of March 31, 2018 and March 31, 2017, respectively being the total of the carrying amount of balances with bank, bank deposit, trade receivable, unbilled revenue, and other financial assets. Balance with bank are held with banks with high credit ratings. As of March 31, 2018, there were no indications that any defaults will occur on trade receivable, unbilled revenues, or other financial assets.

(iii) Geographic Concentration of Credit Risk

The Company has a geographic concentration of trade receivables, net of allowances and unbilled revenue as given below:

(Amount in : ZAR)

	As of March 31, 2018	As of March 31, 2017
Africa	**99.83%**	99.87%
Asia Pacific	**0.09%**	0.13%
India	**0.08%**	-

(iv) 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 consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

	Due in 1st year	Due in 2nd to 5th year	Total
March 31, 2018			
Non derivative financial liabilities			
Trade and other payables	**372,197,836**	**-**	**372,197,836**
Other financial liabilities	**1,642,305**	**-**	**1,642,305**
Total	**373,840,141**	**-**	**373,840,141**
March 31, 2017			
Non derivative financial liabilities			
Trade and other payables	386,389,242	-	386,389,242
Other financial liabilities	1,492,865	-	1,492,865
Total	387,882,107	-	387,882,107

(v) Foreign currency exchange rate risk

The fluctuation in foregin currency exchange rate may have potential impact on the statemnet of Profit and Loss, Other comprehensive income and Equity , where any transaction references more than one currency or where assets/ liabilites are denominated in a currency other than functional currency of the Company.

The risk primarily relate to fluctuation of USD Dollar GBP and Euro. Financial assets denominated in USD - (equivalent ZAR) 917,166 , in GBP (equivalent ZAR) 166,764 and in EUR - (equivalent ZAR) 581,841 , financial liability denominated in USD - (equivalent ZAR) 2,841,360 in GBP (equivalent ZAR) 131,874 and in EUR - (equivalent ZAR) 537,608

The management closely and continously monitors the foreign currency exchange rate fluctuations. Based on its experience and market feedback, the management does not believe it is necessary to hedge the effect of foreign exchange risks as most of the trasactions of foreign currency risk is relatively limited in the medium term.

20. RELATED PARTY TRANSACTIONS

Tata Consultancy Services (South Africa) Proprietary Limited principal related parties consist of its holding Company Tata Consultancy services (Africa) Proprietary Limited and its holding and subsidiaries, and its key managerial personnel. The Company routinely enters into transactions with its related parties in the ordinary course of business.

Notes forming part of the Financial Statements

Transactions with related parties

Amount in ZAR

Particulars	With Tata Sons Limited, Ultimate Holding Company	With Tata Consultancy Services Limited, Holding company	With Tata Consultancy Services Limited, Parent of Holding Company	With Tataa Consultaancy Services Limited - South Africa Branch, Holding Company	With Tata Africa Holding (SA) Pty. Ltd.	With Tata Communications Limited	Total
For the year ended March 31, 2018							
Revenue from sale of services and licences	-	-	-	157,831,450	-	-	157,831,450
Purchases of goods and services (including reimbursement)	-	-	411,723,629	758,381,173	4,272,054	30,662,674	1,205,039,530
Brand equity contribution	3,449,345	-	-	-	-	-	3,449,345
Dividend Paid	-	29,700,001	-	-	-	-	29,700,001
For the year ended March 31, 2017							
Revenue from sale of services and licences	-	-	-	140,869,220	-	-	140,869,220
Purchases of goods and services (including reimbursement)	-	-	406,641,818	665,435,043	3,964,033	11,783,189	1,087,824,083
Brand equity contribution	3,063,269	-	-	-	-	-	3,063,269
Dividend Paid	-	93,316,500	-	-	-	-	93,316,500
As at March 31, 2018							
Trade receivables, unbilled revenue and prepayments (net)	-	-	114,402,206	119,219,624	-	-	233,621,830
Trade payables, unearned and deferred revenue, Other financial liabilities and Other liabilities	3,449,345	-	68,189,135	273,962,013	279,828	3,396,837	349,277,158
As at March 31, 2017							
Trade receivables, unbilled revenue and prepayments (net)	-	-	109,509,122	111,899,213	-	-	221,408,335
Trade Payables, Income received in advance and Advances from Customers	3,063,269	-	133,296,048	220,423,544	23,709	5,653,665	362,460,235

Compensation to Key Managerial Personnel

Notes forming part of the Financial Statements

Mr. Adil N. Tantra (Head of opearation remuneration)

(Amount in : ZAR)

Particulars	As of March 31, 2018	As of March 31, 2017
Basic	**1,219,613**	719,350
Bonus	**172,715**	-
Other Contribution	**359,754**	2,445,459
Total	**1,752,082**	963,809

Mr. Henry Langa Dube (Director)

Particulars	As of March 31, 2018	As of March 31, 2017
Basic*	**761,667**	-
Bonus*	**125,000**	-
Other Contribution*	**172,484**	-
Total	**1,059,151**	-

* Remunaration to Mr. Henry Langa Dube is considered from Septemeber 11, 2017 which is the date of appointment as director.

No remuneration was paid to directors Mr. Vishwanathan Iyer and Mr. Ravi Viswanathan for the financial years 2018 and 2017 respectively from the Subsdiary.

21. GOING CONCERN

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

22. SUBSEQUENT EVENTS

There have been no circumstances of a material nature that have occurred between the financial year end and the date of approval of these annual financial statements that require adjustment or disclosure in the annual financial statements.

23. COMPARATIVE INFORMATION

The corresponding figures presented for the year ended 31 March 2017 have been reclassified where necessary to preserve consistency with the year ended 31 March 2018 figures. However, such reclassifications did not have any effect on the comprehensive income or the total equity for the year ended 31 March 2018.

TCS Financial Solutions Australia Pty Limited
ABN 20 001 899 369

Special Purpose Financial Report

For the year ended
March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

CONTENT	PAGE

DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended March 31, 2018.

Directors

The names of the directors in office at any time during or since the end of the year are:

Neville J Roach	-	Appointed on October 24, 2005
N Ganapathy Subramaniam	-	Appointed on April 11, 2008
Girish P Ramachandran	-	Appointed on November 9, 2015
Venkateshwaran Srinivasan	-	Appointed on June 12, 2017

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating results

The profit of the Company for the financial year after providing for income tax amounted to AUD 5,806,971 (2017 profit of AUD-7,009,029).

Review of operations

The Company has continued its focus on its core competency of product development with further growth of its core banking product to capture greater market share of the Banking sector in countries such as China.

Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Principal activities

The principal activities of the Company during the financial year were the development and sale of specialist banking software and the provision of implementation and project management services.

No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future development, prospects and business strategies

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Dividends paid or recommended

AUD 10,000,000 dividend was declared to TCS Financial Solutions Australia Holdings Pty Limited (Parent Company) during the financial year. (2017: Nil).

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options.

Indemnifying officers or auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Lead auditor's independence declaration

Auditor's independence declaration as required under section 307C of the Corporations Act 2001 forms part of this directors' report.

18th May 2018

Director
Neville J Roach

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of TCS Financial Solutions Australia Pty Ltd.

I declare that, to the best of my knowledge and belief, in relation to the audit of TCS Financial Solutions Australia Pty Ltd for the financial year ended 31 March 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Niraj Singh
Partner
Sydney

DIRECTORS' DECLARATION

1. In the opinion of the directors of the Company:

a. The company is not publicly accountable.

b. The financial statements and notes are in accordance with the Corporations Act 2001, including:

i. giving a true and fair view presents fairly in all material respects of the Group's financial position as at March 31, 2018 of the company and of its performance for the financial year ended on that date; and

ii. complying with Australian Accounting Standards - Special Purpose Requirements and the Corporations Regulations 2001); and

c. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the company and the group entities identified in the Note will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the deed of Cross Guarantee between the company and those group entities pursuant to ASIC Class Order 98/1418.

Signed in accordance with resolution of directors

Neville J Roach

Director

Dated this May 18th., 2018

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
TCS FINANCIAL SOLUTIONS AUSTRALIA PTY LTD.

Opinion

We have audited the *Financial Report* of TCS Financial Solutions Australia Pty Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the Company financial position as at 31 March 2018 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards to the extent described in Note 2 and the Corporations Regulations 2001.

The Financial Report comprises:

- Statement of financial position as at 31 March 2018.
- Statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report.

We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the Directors of TCS Financials Solutions Australia Pty Ltd, would be in the same terms if given to the Directors as at the time of this Auditor's Report.

Emphasis of matter - basis of preparation and restriction on use

We draw attention to Note 2 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the shareholders of TCS Financials Solutions Australia Pty Ltd and should not be used by parties other than the shareholders of TCS Financials Solutions Australia Pty Ltd. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Directors of TCS Financial Solutions Australia Pty Ltd or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in TCS Financial Solutions Australia Pty Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance Australian Accounting Standards - Special Purpose Framework and the Corporations Act.
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- assessing the Company ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is 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 Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing* and *Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

Niraj Singh
Partner
Sydney

Statement of Financial Position as at 31, 2018 and March 31, 2017

(Amount in : AUD)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS:			
Current assets:			
Cash and cash equivalents	8	**14,532,342**	14,837,130
Trade receivables	9	**12,734,833**	18,765,496
Other current assets	10	**1,441,298**	-
Total current assets		**28,708,473**	33,602,626
Non-current assets:			
Investments	13	**7,227,539**	7,227,539
Deferred tax assets	11	**2,230,149**	1,319,108
Total non-current assets		**9,457,688**	8,546,647
TOTAL ASSETS		**38,166,161**	42,149,273
LIABILITIES AND EQUITY:			
Liabilities:			
Current liabilities:			
Trade and other payables	12	**22,702,871**	23,144,205
Current tax liability		**651,252**	-
Total current liabilities		**23,354,123**	23,144,205
TOTAL LIABILITIES		**23,354,123**	23,144,205
NET ASSETS		**14,812,038**	19,005,068
Equity:			
Issued capital	14	**4**	4
Accumulated gain		**14,479,043**	18,672,073
Other comprehensive income		**332,991**	332,991
Total equity		**14,812,038**	19,005,068

See accompanying notes forming part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income for the year ended March 31, 2018

(Amount in : AUD)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue	4	**10,724,576**	11,941,490
Other (expenses)/income		**(8,450)**	156,972
Expenses			
Project expenses		**(2,724,012)**	(1,856,388)
Cost of equipment and software licenses		**(419,665)**	-
Other expenses		**(120,036)**	(955,673)
Legal and professional fess		**(108,922)**	(256,406)
Facility Expenses		**(15,473)**	(14,009)
Profit before income tax expense		**7,328,018**	9,015,986
Income tax expense	6	**(1,521,047)**	(2,006,958)
Net profit for the year		**5,806,971**	7,009,028
Other comprehensive income			
Foreign currency translation reserve, net of tax		**-**	484,225
Other comprehensive income for the year, net of tax		**-**	484,225
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,806,971**	7,493,253

See accompanying notes forming part of the financial statements.

Statement of changes in Equity for the year ended March 31, 2018 and March 31, 2017

(Amount in : AUD)

	Contributed Equity	Accumulated (losses)/gain	Foreign Currency Translation reserve	Total equity
Balance as at April 1, 2016	4	11,663,044	(151,234)	11,511,814
Profit for the year		7,009,028	-	7,009,028
Other comprehensive income		-	484,225	484,225
Balance as at March 31, 2017	**4**	**18,672,072**	**332,991**	**19,005,067**
Profit for the year		**5,806,971**	**-**	**5,806,971**
Dividend		**(10,000,000)**	**-**	**(10,000,000)**
Balance as at March 31, 2018	**4**	**14,479,043**	**332,991**	**14,812,038**

See accompanying notes forming part of the financial statements.

Statement of Cash Flows for the year ended March 31, 2018 and March 31, 2017

(Amount in : AUD)

	Note	For Year ended March 31, 2018	For Year ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**16,690,999**	16,165,216
Payments to suppliers, employees and others		**(7,702,829)**	(4,679,460)
Interest received		**55,790**	78,365
Income tax paid		**651,252**	-
Net cash flows from operating activities		**9,695,212**	11,564,121
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in related party		-	(6,905,125)
Net cash flows from investing activities		-	(6,905,125)
Cash flows from financing activities			
Dividends paid		**(10,000,000)**	-
Net cash flows from financing activities		**(10,000,000)**	-
Net increase/decrease in cash and cash equivalents		**(304,788)**	4,658,996
Cash and cash equivalents at the beginning of the financial year		**14,837,130**	10,178,134
Cash and cash equivalents at the end of the financial year		**14,532,342**	14,837,130

See accompanying notes forming part of the Financial Statements.

Notes forming part of the Financial Statements

1. REPORTING ENTITY

TCS Financial Solutions Australia Pty Limited (the "Company") is a Company limited by shares, incorporated and domiciled in Australia.

In the opinion of directors, the Company is not publicly accountable nor a reporting entity. The financial statements of the company have been drawn up as a special purpose financial statements for the distribution to the members and for the purpose of the fulfilling the requirements of the Corporation act, 2001.

2. BASIS OF PREPARATION

The special purpose financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001, all recognition and measurement requirements of all other relevant AASB's.

The financial report is a special purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

AASB 101 Presentation of financial Statements.

AASB 107 Statement of Cash flows

AASB 108 Accounting polices, changes in Accounting estimates and error

AASB 1048 Interpretation and Application of Standards

AASB 1054 Australian Additional disclosure

AASB 1057 Application of Australian Accounting Standards

The financial statements were authorised for issue by the directors on May 18th, 2018.

The financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current and deferred income tax expense (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Notes forming part of the Financial Statements

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b. Comparative figures

Comparative figures have been adjusted to confirm to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

c. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

d. Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Classification and subsequent measurement

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

e. Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. 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.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cashgenerating unit to which the asset belongs.

Notes forming part of the Financial Statements

f. Intangibles

Intellectual Property

Intellectual property is carried at cost less any accumulated amortisation. The carrying amount of intellectual property is reviewed annually by directors to ensure it is appropriately stated at year end.

Goodwill

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

g. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

h. Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

i. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

j. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Notes forming part of the Financial Statements

k. Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

The Group enters into certain arrangements involving the delivery and implementation of a given software product against predetermined milestones and anticipated future maintenance and support. In arrangements where the revenue from the sale of product software licenses is not clearly separable for the revenue for installation and services, then the revenue is recognised on a percentage completion basis over the period of installation with due regard for future anticipated costs.

Income earned from maintenance services is recognised evenly over the maintenance period.

Amounts received before the reporting date but which relates to unearned income as at that date, are presented under liabilities in the statement of financial position.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

All revenue is stated net of the amount of goods and services tax (GST).

l. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

m. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. 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.

Key estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions and events specific to the Company that may be indicative of impairment triggers.

Provision for impairment of receivables

Included in accounts receivable at 31 March 2018 is an amount receivable from sales made to Tata Consultancy Services de Chile S.A. during the 2009 financial year amounting to USD$461,826 ($AUD 602,670 as at 31 March 2018). Tata Consultancy Services de Chile S.A. is disputing the amount of the sales. In prior years this amount has been provided in full.

Unearned income - percentage completion

The Group enters into certain arrangements involving the delivery and implementation of a given software product against predetermined milestones and anticipated future maintenance and support. In arrangements where the revenue from the sale of product software licenses is not clearly separable for the revenue for installation and services, then the revenue is recognised on a percentage completion basis over the period of installation with due regard for future anticipated costs.

Notes forming part of the Financial Statements

n. Adoption of new and revised accounting standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

There are no significant effects on current, prior or future periods arising from the first-time application of the standards discussed above in respect of presentation, recognition and measurement of accounts.

o. New Accounting Standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2017, and have not been applied in preparing these financial statements. None of these expected to have a significant effect on the financial statements of the company, except for AASB 9 Financial Instruments, which becomes mandatory to annual reporting on or after January 2018. This could change the classification and measurement of the financial statements. The company does not plan to adopt this standard early and is evaluating the impact of the adoption of the above amendments of its financial statements.

p. Financial Instruments

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9.

4. REVENUE

(Amount in : AUD)

	As at March 31, 2018	As at March 31, 2017
Operating Activities		
Consultancy revenue	**3,009,144**	4,918,492
License fees	**7,715,432**	7,022,998
Total Revenue	**10,724,576**	11,941,490
Non operating activities		
Interest received	**55,790**	78,365
Other non-operating income	**(64,240)**	78,607
Total Other (losses)/income	**(8,450)**	156,972

5. RESULT FOR THE YEAR

(Amount in : AUD)

	As at March 31, 2018	As at March 31, 2017
Intercompany receivable forgiven	**-**	(217,655)
Net foreign currency losses	**-**	605,115
Total	**-**	387,460

6. INCOME TAX EXPENSE

(Amount in : AUD)

	As at March 31, 2018	As at March 31, 2017
Income tax expense	**(1,521,047)**	2,006,958
Current tax provision	**2,198,405**	-
Overseas tax deducted at source (FITO Current year use)	**(681,425)**	-
Disallowable expenses	**4,067**	-
Total	**1,521,047**	2,006,958

7. AUDITOR'S REMUNERATION

(Amount in : AUD)

	As at March 31, 2018	As at March 31, 2017
Remuneration of the auditor of TCS Financials Solutions Australia Pty Ltd and related entities for auditing the financial statements, taxation and other services		
For auditing*	**34,212**	64,000
For taxation and other services	**-**	35,000
Total	**34,212**	99,000

*Audit fees for March 31, 2018 and March 31, 2017 represents audit fees payable to KPMG and GT respectively.

8. CASH AND CASH EQUIVALENTS

(Amount in : AUD)

	As at March 31, 2018	As at March 31, 2017
Cash at banks	**14,532,342**	14,837,130
Total	**14,532,342**	14,837,130

9. TRADE RECEIVABLES

(Amount in : AUD)

	As at March 31, 2018	As at March 31, 2017
Trade receivables	**1,650,058**	742,455
Allowance for impairment of receivables	**(613,890)**	(191,773)
Amounts due from related parties	**11,693,101**	17,547,178
Accrued income	**-**	78,543
Other receivables	**5,564**	589,093
Total	**12,734,833**	18,765,496

Notes forming part of the Financial Statements

10. OTHER CURRENT ASSETS

(Amount in : AUD)

	As at March 31, 2018	As at March 31, 2017
Advance to suppliers (Amounts paid to related parties)	1,141,794	-
Prepayments	299,504	-
Total	1,441,298	-

11. TAXATION

(Amount in : AUD)

	As at March 31, 2018	As at March 31, 2017
Non-current		
Deferred tax asset	2,230,149	1,319,108
Total	2,230,149	1,319,108
Temporary differences:		
Intangible	5,265	10,791
Doubtful debts	187,367	183,715
Unearned Income	2,059,237	1,124,623
Other temperory differences	(21,720)	(21)
	2,230,149	1,319,108

12. TRADE AND OTHER PAYABLES

(Amount in : AUD)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current		
Trade payables	12,349,768	1,427
Amounts due to related parties	6,027,521	22,290,130
Accrued expenses	118,965	258,740
Unearned income	4,206,617	593,908
Total	22,702,871	23,144,205

13. INVESTMENT IN SUBSIDIARIES

(Amount in : AUD)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Non-Current		
Investments in controlled entities at cost	7,227,539	7,227,539
	7,227,539	7,227,539

SUBSIDIARY

The subsidiary included in the financial statements of TCS Financial Solutions Australia Pty Limited are listed in the following table.

(Amount in : AUD)

Name	Country of incorporation	% Equity Interest 2018	
		March 31, 2018	March 31, 2017
TCS Financial Solutions Beijing Co. Ltd	**China**	**100%**	100%
		7,227,539	7,227,539
		7,227,539	7,227,539

At reporting date, TCS Financial Solutions Australia Pty Limited has 100% equity interest in TCS Financial Solutions Beijing Co. Limited.

14. ISSUED CAPITAL

(Amount in : AUD)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Ordinary shares	**4**	4
Issued and fully paid	**4**	4

The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

There has been no movement in ordinary shares on issue during the current or previous two financial years.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

TCS Financial Solutions Australia Pty Limited's management manage capital in line with its objective to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

15. CONTINGENT LIABILITIES

The Company had no contingent liabilities or assets as at the end of the financial year.

Notes forming part of the Financial Statements

16. CASH FLOW INFORMATION

(Amount in : AUD)

	As at March 31, 2018	As at March 31, 2017
Reconciliation of Cash Flow from Operations with result after Income Tax		
Profit after income tax	**5,806,971**	7,009,028
Non-cash items in operating profit		
Movement in foreign currency translation reserve	**-**	484,225
Changes in assets and liabilities		
Change in trade and other receivables	**6,030,663**	(347,753)
Change in other assets	**(1,441,298)**	4,492,873
Change in trade and other payables	**(441,335)**	259,430
Change in current tax liability	**651,252**	-
Change in deferred tax asset	**(911,041)**	(333,682)
	9,695,212	11,564,121

17. EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

18. EVENTS AFTER THE BALANCE SHEET DATE

The registered office and principal place of business of the Company is:

TCS Financial Solutions Australia Pty Limited
Level 6, 76 Berry Street
North Sydney NSW 2060

TCS FINANCIAL SOLUTIONS AUSTRALIA (HOLDINGS) PTY LIMITED

ABN 61 003 653 549

SPECIAL PURPOSE FINANCIAL REPORT

For the year ended
March 31, 2018

SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2018

CONTENT	PAGE

DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended March 31, 2018.

Directors

The names of the directors in office at any time during or since the end of the year are:

Neville J Roach	-	Appointed on October 24, 2005
N Ganapathy Subramaniam	-	Appointed on April 11, 2008
Girish P Ramachandran	-	Appointed on November 09, 2015
Venkateshwaran Srinivasan	-	Appointed on June 12, 2017

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating results

The profit of the Company for the financial year after providing for income tax amounted to AUD 10,019,966 (2017 net loss: AUD nil).

Review of operations

The Company is a holding company. There were no operations during the year.

Significant changes in state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal activities

The principal activities of the Company during the financial year were holding investments in wholly owned subsidiaries. No significant change in the nature of these activities occurred during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future development, prospects and business strategies

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Dividends paid or recommended

AUD 10,000,000 dividend was declared to TCS FNS Pty Limited (Parent Company) during the financial year (2017: Nil).

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnifying officers or auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Lead Auditor's independence declaration

Auditor's independence declaration as required under section 307C of the Corporations Act 2001 forms part of this directors' report.

Director

May 18, 2018 **Neville J Roach**

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of TCS Financial Solutions Australia (Holdings) Pty Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of TCS Financial Solutions Australia (Holdings) Pty Limited for the financial year ended 31 March 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Niraj Singh
Partner
Sydney

DIRECTORS' DECLARATION

1. In the opinion of the directors of the Company:

   (a) The company is not publicly accountable.

   (b) The financial statements and notes, set out on pages (22.8 to 22.16), are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view presents fairly in all material respects of the Group's financial position as at March 31, 2018 of the company and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards-Special Purpose Requirements and the Corporations Regulations 2001); and

   (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the company and the group entities identified in the Note will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the deed of Cross Guarantee between the company and those group entities pursuant to ASIC Class Order 98/1418.

Signed in accordance with resolution of directors

Director

May 18, 2018 **Neville J Roach**

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
TCS FINANCIAL SOLUTIONS AUSTRALIA (HOLDINGS) PTY LTD

Opinion

We have audited the *Financial Report* of TCS Financial Solutions Australia (Holdings) Pty Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company financial position as at 31 March 2018 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards to the extent described in Note 2 and the Corporations Regulations 2001.

  The *Financial Report* comprises:

- Statement of financial position as at 31 March 2018.
- Statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of TCS Financial Solutions Australia (Holdings) Pty Ltd, would be in the same terms if given to the Directors as at the time of this Auditor's Report.

Emphasis of matter–basis of preparation and restriction on use

We draw attention to Note 2 to the Financial Report, which describes the basis of preparation.

The Financial Report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the shareholders of TCS Financials Solutions Australia (Holdings) Pty Ltd and should not be used by parties other than the shareholders of TCS Financials Solutions Australia (Holdings) Pty Ltd. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Directors of TCS Financial Solutions Australia (Holdings) Pty Ltd or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in TCS Financial Solutions Australia (Holdings) Pty Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance Australian Accounting Standards – Special Purpose Framework and the Corporations Act.
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

Niraj Singh
Partner
Sydney

Statement of Financial Position as at and March 31, 2018 and March 31, 2017

(Amount in : AUD)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Current assets:			
Trade and other receivables	6	**9,532,976**	9,513,010
Total current assets		**9,532,976**	9,513,010
Non-current assets			
Investments in subsidiaries	7	**300,000**	300,000
Total non-current assets		**300,000**	300,000
TOTAL ASSETS		**9,832,976**	9,813,010
Net Assets		**9,832,976**	9,813,010
Equity			
Issued capital	8	**13,930,040**	13,930,040
Retained earnings		**(4,097,064)**	(4,117,030)
Total Equity		**9,832,976**	9,813,010

See accompanying notes forming part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income for the year ended March 31, 2018 and March 31, 2017

(Amount in : AUD)

	Note	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Revenue		**-**	-
Other Income		**10,031,306**	-
Selling, general and administrative expense		**(10,967)**	-
Profit before Taxes		**10,020,339**	-
Income Tax expense	4	**(373)**	-
Net profit for the year		**10,019,966**	-
Other comprehensive income for the year, net of tax		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**10,019,966**	-

See accompanying notes forming part of the financial statements.

Statement of changes in Equity for the year ended and March 31, 2018 and March 31, 2017

(Amount in : AUD)

	Share capital	**Retained earnings**	**Total equity**
Balance as at April 1, 2016	13,930,040	(4,117,030)	9,813,010
Profit for the year	-	-	-
Other comprehensive income for the year	-	-	-
Balance as at March 31, 2017	13,930,040	(4,117,030)	9,813,010
Profit for the year	**-**	**10,019,966**	**10,019,966**
Dividend	**-**	**(10,000,000)**	**(10,000,000)**
Other comprehensive income for the year	**-**	**-**	**-**
Balance as at March 31, 2018	**13,930,040**	**(4,097,064)**	**9,832,976**

See accompanying notes forming part of the financial statements

Statement of Cash Flows for the year ended March 31, 2018 and March 31, 2017

(Amount in : AUD)

	Note	**For Year ended March 31, 2018**	For Year ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		**-**	-
Receipts from customers		**-**	-
Payments to suppliers, employees and others		**-**	-
Income tax paid		**-**	-
Net change in cash and cash equivalents		**-**	-
Cash and cash equivalents at the beginning of the financial year		**-**	-
Cash and cash equivalents at the end of the financial year		**-**	-

See accompanying notes forming part of the Financial Statements

Notes forming part of the Financial Statements

1 REPORTING ENTITY

TCS Financial Solutions Australia (Holdings) Pty Limited (the "Company") is a Company limited by shares, incorporated and domiciled in Australia.

In the opinion of directors, the Company is not publicly accountable nor a reporting entity. The financial statements of the company have been drawn up as a special purpose financial statements for the distribution to the members and for the purpose of the fulfilling the requirements of the Corporation act, 2001.

2 BASIS OF PREPARATION

The special purpose financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001, all recognition and measurement requirements of all other relevant AASB's.

The special purpose financial statements includes only the disclosure requirement of the following AASB and those disclosure considered necessary by the directors to meet the needs of members:

AASB 101 Presentation of financial Statements.

AASB 107 Statement of Cash flow

AASB 108 Accounting polices, changes in Accounting estimates and error

AASB 1048 Interpretation and Application of Standards

AASB 1054 Australian Additional Disclosure

AASB 1057 Application of Australian Accounting Standards

The financial statements were authorised for issue by the directors on May 18, 2018.

The financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period. 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current and deferred income tax expense (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated 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 enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b. Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Classification and subsequent measurement

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

c. Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. 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.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. 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.

d. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Notes forming part of the Financial Statements

Exchange difference arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

e. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

f. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. 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.

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

g. Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

All revenue is stated net of the amount of goods and services tax (GST).

h. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. 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.

j. Adoption of new and revised accounting standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

There are no significant effects on current, prior or future periods arising from the first-time application of the standards discussed above in respect of presentation, recognition and measurement of accounts.

Notes forming part of the Financial Statements

k. New Accounting Standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. None of these expected to have a significant effect on the financial statements of the company, except for AASB 9 Financial Instruments, which becomes mandatory to annual reporting on or after January 2018. This could change the classification and measurement of the financial statements. The company does not plan to adopt this standard early and is evaluating the impact of the adoption of the above amendments of its financial statements.

l. Financial Instruments

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9.

4 INCOME TAX EXPENSE

(Amount in : AUD)

	As at March 31, 2018	As at March 31, 2017
Income tax expense	**(373)**	-
Total	**(373)**	-

5 AUDITORS' REMUNERATION

Remuneration of the auditor is paid by TCS Financial Solutions Australia Pty Limited on behalf of TCS Financial Solutions Australia (Holdings) Pty Limited

6 TRADE RECEIVABLES

(Amount in : AUD)

	As at March 31, 2018	As at March 31, 2017
Current		
Amount due from related party		
TCS Financial Solutations Australia Pty Ltd	**6,027,520**	9,482,858
TCS FNS Pty Limited	**3,505,828**	30,152
Other receivables	**(372)**	-
Total	**9,532,976**	9,513,010

7 INVESTMENT IN SUBSIDIARY

(Amount in : AUD)

	As at March 31, 2018	As at March 31, 2017
Non -Current		
Investments in controlled entities at cost	**300,000**	300,000
Total	**300,000**	300,000

Notes forming part of the Financial Statements

Subsidiary

The subsidiary included in the financial statements of TCS Financial Solutions Australia (Holdings) Pty Limited are listed in the following table:

Name	Country of incorporation	% Equity 2018	Interest 2017
TCS Financial Solutions Australia Pty Limited	Australia	100%	100%

At reporting date, TCS Financial Solutions Australia Pty Limited consists of 100% equity interest in TCS Financial Solutions Australia Pty Limited.

8 ISSUED CAPITAL

(Amount in : AUD)

	As at March 31, 2018	As at March 31, 2017
Ordinary Shares	**13,930,040**	13,930,040
Issued and fully paid	**13,930,040**	13,930,040

The Company does not have a limited amount of authorised capital and issued shares do not have a par value. There has been no movement in ordinary shares on issue during the current or previous two financial years.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

TCS Financial Solutions Australia Pty Limited's management manage capital in line with its objective to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Company as at March 31, 2018, and at March 31, 2017 had no external commercial short or long term borrowings and accordingly does not have any externally imposed capital requirements and as such no circumstances of non- compliance have occurred.

9 CONTINGENT LIABILITIES

The Company had no contingent liabilities or assets as at the end of the financial year.

10 EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

11 COMPANY DETAILS

The registered office and principal place of business of the Company is:

TCS Financial Solutions Australia (Holdings) Pty Limited
Level 6, 76 Berry Street
North Sydney NSW 2060

TCS FINANCIAL SOLUTIONS BEIJING CO. LTD.

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS

FOR THE YEAR FROM 1 JANUARY 2017 TO 31 DECEMBER 2017
IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENT	PAGE

INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS OF
TCS FINANCIAL SOLUTIONS BEIJING CO. LTD.:

Opinion

We have audited the accompanying financial statements of TCS FINANCIAL SOLUTIONS BEIJING CO. LTD. ("FNS Beijing") set out on pages 23.2 to 23.13, which comprise the balance sheet as at 31 December 2017, the income statement, the cash flow statement, the statement of changes in owners' equity 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 FNS Beijing as at 31 December 2017, and the financial performance and cash flows of FNS Beijing for the year then ended in accordance with Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). 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 FNS Beijing in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the 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 the Accounting Regulations for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing FNS Beijing'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 FNS Beijing or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing FNS Beijing'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 CSAs 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 CSAs, 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 FNS Beijing'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 FNS Beijing'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 FNS Beijing to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within FNS Beijing to express an opinion on the 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 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 Huazhen LLP

Certified Public Accountants
Registered in the People's Republic of China
Ma Hongchao,Du Mian
China Beijing

25 April 2018

Balance sheet as at 31 December 2017

(Expressed in Renminbi Yuan)

	Note	2017	2016
ASSETS			
Current assets			
Cash at bank and on hand	5	**11,481,380.17**	62,166,200.06
Accounts receivable	6	**73,145,318.06**	66,058,041.90
Other receivables	7	**1,623,145.05**	2,374,769.46
Deferred expenses		**467,818.60**	144,860.52
Payments in advance		**7,513.01**	-
Other current assets		**73,040.65**	-
Interest receivables		**-**	49,418.21
Total current assets		**86,798,215.54**	130,793,290.15
Fixed assets			
Original carrying amount		**2,793,062.66**	2,717,415.65
Less: Accumulated depreciation		**(2,583,787.89)**	(2,116,246.07)
Net carrying amount of fixed assets	8	**209,274.77**	601,169.58
Intangible assets and other assets			
Intangible assets		**36,714.42**	1,031.14
Long-term deferred expenses	9	**11,664.99**	298,463.72
Total intangible assets and other assets		**48,379.41**	299,494.86
TOTAL ASSETS		**87,055,869.72**	131,693,954.59
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Accounts payable		**52,764,107.89**	79,827,796.49
Receipt in advance		**9,556,902.58**	9,584,190.63
Accrued payroll		**3,707,724.88**	5,002,208.03
Taxes payable	4(c)	**28,303.91**	886,468.76
Other payables		**973,868.56**	1,191,859.28
Accrued expenses		**1,039,472.12**	768,170.52
Total current liabilities		**68,070,379.94**	97,260,693.71
Total liabilities		**68,070,379.94**	97,260,693.71
Owners' equity			
Paid-in capital	10	**36,660,950.00**	36,660,950.00
Surplus reserve	11	**1,397,460.41**	1,397,460.41
Accumulated losses	13	**(19,072,920.63)**	(3,625,149.53)
Total owners' equity		**18,985,489.78**	34,433,260.88
TOTAL LIABILITIES AND OWNERS' EQUITY		**87,055,869.72**	131,693,954.59

These financial statements have been approved by the Board of Directors of the Company on 25 April 2018.

Authorized representative *(Signature and stamp)*	Head of Finance *(Signature and stamp)*	Finance Manager *(Signature and stamp)*	(Company stamp)

Income [and profit appropriation] statement for the year ended 31 December 2017

(Expressed in Renminbi Yuan)

	Note	2017	2016
SALES FROM PRINCIPAL ACTIVITIES	14	**64,969,798.69**	84,106,061.08
Less: Cost of sales from principal activities		**45,220,984.05**	47,114,472.30
Business taxes and surcharges	4(a)	**1,006,698.47**	858,398.36
PROFIT FROM PRINCIPAL ACTIVITIES		**18,742,116.17**	36,133,190.42
Less: Operating expenses		**8,569,276.35**	12,194,805.41
General and administrative expenses		**22,957,145.61**	18,913,211.91
Financial expenses / (net gain)	15	**3,340,329.44**	(163,151.42)
OPERATING PROFIT		**(16,124,635.23)**	5,188,324.52
Add: Non-operating income		**1,075,060.83**	314,727.49
Less: Non-operating expenses		**398,196.70**	-
PROFIT BEFORE INCOME TAX		**(15,447,771.10)**	5,503,052.01
Less: Income tax	4(b)	**-**	913,743.43
NET PROFIT FOR THE YEAR		**(15,447,771.10)**	4,589,308.58
Supplementary information			
1. Gains/ (losses) on sale disposal of a department or an investee enterprise		**-**	-
2. Losses arising from natural disasters		**-**	-
3. Increase / (decrease) in profit before income tax due to a change in accounting policies		**-**	-
4. Increase / (decrease) in profit before income tax due to a change in significant accounting estimates		**-**	-
5. Gains / (losses) arising from debt restructuring		**-**	-
6. Others		**-**	-

Statement of Cash flow for the year ended December 31, 2017

(Expressed in Renminbi Yuan)

	Note to the cash flow statement	2017	2016
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods and rendering of services		**61,486,823.59**	92,795,972.66
Refund of taxes		**136,574.89**	314,727.49
Cash received relating to other operating activities		**1,049,601.51**	125,116.37
Sub-total of cash inflows		**62,672,999.99**	93,235,816.52
Cash paid for goods and services		**(38,976,584.36)**	(12,202,856.35)
Cash paid to and for employees		**(49,044,965.72)**	(54,200,101.23)
Cash paid for all types of taxes		**(11,912,544.13)**	(10,549,576.39)
Cash paid relating to other operating activities		**(13,034,615.34)**	(9,054,208.89)
Sub-total of cash outflows		**(112,968,709.55)**	(86,006,742.86)
Net cash (outflow) / inflow from operating activities	i	**(50,295,709.56)**	7,229,073.66
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**(115,720.01)**	(7,576.00)
Sub-total of cash outflows		**(115,720.01)**	(7,576.00)
Net cash outflow from investing activities		**(115,720.01)**	(7,576.00)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from investor		**-**	34,731,500.00
Sub-total of cash inflows		**-**	34,731,500.00
Net cash inflow from financing activities		**-**	34,731,500.00
4. Effect of foreign exchange rate changes on cash		**(273,390.32)**	-
5. Net decrease in cash and cash equivalents	ii	**(50,684,819.89)**	41,952,997.66
i. Reconciliation of net profit to cash flows from operating activities			
Net profit		**(15,447,771.10)**	4,589,308.58
Add: Depreciation of fixed assets		**467,541.82**	166,913.83
Amortisation of intangible assets		**4,389.72**	4,284.71
Amortisation of long-term deferred expenses		**286,798.73**	348,849.12
Increase in deferred expenses		**(69,936.80)**	(53,783.29)
Increase / (decrease) in accrued expenses		**105,403.06**	(400,126.45)
(Increase) / decrease in gross operating receivables		**(6,689,745.28)**	727,727.11
(Decrease) / Increase in operating payables		**(28,952,389.71)**	1,845,900.05
Net cash inflow / (outflow) from operating activities		**(50,295,709.56)**	7,229,073.66
ii. Net increase in cash and cash equivalents			
Cash at the end of the year		**11,481,380.17**	62,166,200.06
Less: Cash at the beginning of the year		**62,166,200.06**	20,213,202.40
Net increase in cash and cash equivalents		**(50,684,819.89)**	41,952,997.66

Notes forming part of the Financial Statements

1 COMPANY STATUS

TCS Financial Solutions Beijing Co. Ltd (the "Company") is a wholly foreign-owned enterprise established in Beijing in the People's Republic of China (PRC). The Company obtained an approval certificate Shangwaizi Jingzi Zi [2006] No. 17361 from the People's Government of Beijing, PRC on 19 Dec 2006, and a business licence No.110000410305201 on 29 Dec 2006 issued by Beijing Administration of Industry and Commerce of the PRC. The original registered capital was USD 250,000.

According to the Company's Board of Directors, the Company applied to increase the registered capital by USD 5,000,000. The registered capital was increased from USD 250,000 to USD 5,250,000. The Company obtained approval from the Beijing Haidian District Ministry of Commerce for the registered capital increased. The articles of association were revised on 21 Dec 2015 accordingly. The Company obtained a revised business licence (No. 9111010579670220XQ) on 06 Nov 2017.

The Company's period of operation is 30 years, and its principal activities are research and development on software, system integration, providing technology services and sales of self-developed product. The Company commenced its operations on 29 Dec 2006.

2 BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the financial statements are in conformity with the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the PRC (MOF).

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting year

The accounting year of the Company is from 1 January to 31 December.

(b) Basis of preparation and measurement basis

The financial statements of the Company have been prepared on an accrual basis. Unless otherwise stated, the measurement basis used is historical cost.

(c) Functional currency

The Company's functional currency is the Renminbi.

(d) Translation of foreign currencies

Foreign currency transactions during the year are translated into Renminbi at the exchange rates quoted by the People's Bank of China ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Renminbi at the exchange rates quoted by the People's Bank of China ruling at the balance sheet date. Exchange gains and losses on foreign currency translation, except for the exchange gains and losses directly relating to the construction of fixed assets, are dealt with in the income statement.

Contributions to paid-in capital made in foreign currencies are translated into the RMB denominated paid-in capital account at the stipulated exchange rates at the contribution dates.

(e) Cash equivalents

Cash equivalents represent short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(f) Provision for bad and doubtful debts

The provision for bad and doubtful debts is estimated by management based on individual accounts receivable which show signs of uncollectibility Provision for other receivables is determined based on their specific nature and management's estimate of their collectibility.

(g) Fixed assets and construction in progress

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 4(k)). Construction in progress is stated in the balance sheet at cost less impairment losses

All direct and indirect costs that are related to the construction of fixed assets and incurred before the assets are ready for their intended use are capitalised as construction in progress. Those costs include borrowing costs (including

Notes forming part of the Financial Statements

foreign exchange differences arising from the loan principal and the related interest) on specific borrowings for the construction of the fixed assets during the construction period. Construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is provided against construction in progress.

Fixed assets are depreciated using the straight-line method over their estimated useful lives. The respective estimated useful lives and the estimated rate of residual values on cost for the Company's fixed assets are as follows:

	Estimated useful life	**Estimated rate of residual value**	**Rate of depreciation**
Office equipment	4 - 10 years	0% - 10%	9% - 25%
Office furniture	5 years	0%	20%

(h) Lease

Lease payments under operating leases are charged as expenses on a straight-line basis over the lease term. Contingent rental payments are charged as expenses in the accounting period in which they are incurred.

(i) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see Note 4(k)). The cost of the intangible assets is amortised on a straight-line basis over their estimated useful lives of *5* years. The respective amortisation periods for the intangible assets are as follows:

Software	5 years

(j) Long-term deferred expenses

Long-term deferred expenses are amortised on a straight-line basis over their beneficial periods. The respective amortisation periods for the long-term deferred expenses are as follows:

Leasehold improvement	5 years

(k) Provision for impairment

The carrying amounts of assets (including designated loans receivable, long-term investments, fixed assets, construction in progress, intangible assets, and other assets) are assessed regularly to determine whether their recoverable amounts have declined below their carrying amounts. Assets are tested for impairment whenever events or changes in conditions indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The amount by which the carrying amount is reduced is the impairment loss.

The recoverable amount is the greater of the net selling price and the present value of the estimated future cash flows arising from the continuous use of the asset and from the disposal of the asset at the end of its useful life.

Provision for impairment is calculated on an item-by-item basis and recognised as an expense in the income statement.

If there is an indication that there has been a change in the factors used to determine the provision for impairment and as a result the estimated recoverable amount is greater than the carrying amount of the asset, the impairment loss recognised in prior years is reversed. Reversals of impairment losses are recognised in the income statement. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

(l) Income tax

Income tax is recognised using the tax payable method. Income tax for the year is provided at the applicable tax rate on taxable income

(m) Revenue recognition

When it is probable that the economic benefits will flow to the Company and the revenue and costs can be measured reliably, revenue is recognised in the income statement according to the following methods:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of the ownership of goods have been transferred to the buyers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

(ii) Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised in the income statement by reference to the stage of completion of the transaction based on the proportion of costs incurred to date to the estimated total costs of the transaction. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the costs incurred that are expected to be recoverable.

(iii) Licensing of software

Revenue from licensing of software is recognized in accordance with the substance of the relevant agreement, which is normally upon completion of the various stages of the software installation, and that it is probable that the economic benefits associated with the transaction will flow to the Company and the relevant revenue and costs can be measured reliably.

(iv) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable rate.

(n) Retirement benefits

Pursuant to the relevant laws and regulations in the PRC, the Company has joined a defined contribution retirement plan for the employees arranged by a governmental organisation. The Company makes contributions to the retirement scheme at the applicable rate(s) based on the employees' salaries. The contributions are capitalised into cost of assets or charged to the income statement on an accrual basis. After the payment of the contributions under the retirement plan, the Company does not have any other obligations in this respect.

(o) Related parties

If the Company has the power, directly or indirectly, to control, jointly control or exercise significant influence over another party, or vice versa, or where the Company and one or more parties are subject to common control from another party, they are considered to be related parties. Related parties may be individuals or enterprises.

4 TAXATION AND SURCHARGES

(a) The types of tax and surcharges applicable to the Company's sale of goods and rendering of services include value added tax (VAT), urban maintenance and construction tax, education fee surcharge.

Tax name	Tax basis and applicable rate
VAT	Output VAT is 17% of product sales and 6% of taxable services revenue, according to tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable.
urban maintenance and construction tax	The urban maintenance and construction tax is calculated based on the actual amount of VAT paid and the applicable tax rate is 7%.
education fee surcharge and local education fee surcharge	The education fee surcharge and local education fee surcharge are calculated based on the actual amount of VAT paid at the tax rate of 3% and 2%, respectively.

Notes forming part of the Financial Statements

(b) Income tax

Income tax in the income statement represents:

(Expressed in Renminbi Yuan)

	2017	2016
Provision for income tax for the year	**-**	913,743.43
Total	**-**	913,743.43

The statutory income tax rate of the Company is 25% (2016: 25%).

(c) Taxes payable

(Expressed in Renminbi Yuan)

	2017	2016
Stamp tax payable	**28,303.91**	-
VAT payable	**-**	361,993.56
Income tax payable	**-**	393,861.14
Urban maintenance and construction tax & education fee surcharge	**-**	130,614.06
Total	**28,303.91**	886,468.76

5 CASH AT BANK AND ON HAND

(Expressed in Renminbi Yuan)

	2017	2016
Cash on hand	**301.74**	22,037.67
Cash at bank	**11,481,078.43**	62,144,162.39
Total	**11,481,380.17**	62,166,200.06

6 ACCOUNTS RECEIVABLE

The ageing analysis of the Company's accounts receivable is as follows:

(Expressed in Renminbi Yuan)

	2017			2016		
	RMB	**Percentage of total accounts receivable**	**Provision for bad and doubtful debts**	RMB	Percentage of total accounts receivable	Provision for bad and doubtful debts
Within 1 year	**37,178,471.83**	**50.83%**	**-**	49,624,375.72	75.12%	-
After 1 year but within 2 years	**23,233,603.48**	**31.76%**	**-**	16,032,804.10	24.27%	-
After 2 years	**12,733,242.75**	**17.41%**	**-**	400,862.08	0.61%	-
Total	**73,145,318.06**	**100%**	**-**	66,058,041.90	100.00%	-

The ageing is counted starting from the date when accounts receivable are recognised.

Accounts receivables with aging above 1 year are unbilled revenue, which are expect to be billed and collected in 2018. No bad debt provision is recognized.

Notes forming part of the Financial Statements

7 OTHER RECEIVABLES

The ageing analysis of the Company's other receivables is as follows:

(Expressed in Renminbi Yuan)

	2017			2016		
	RMB	**Percentage of total other receivables**	**Bad debt provision**	RMB	Percentage of total other receivables	Bad debt provision
Within 1 year	**1,056,268.99**	**65.07%**	**-**	675,861.65	28.46%	-
After 1 year but within 2 years	**10,820.86**	**0.67%**	**-**	70,000.00	2.95%	-
After 2 years	**556,055.20**	**34.26%**	**-**	1,628,907.81	68.59%	-
Total	**1,623,145.05**	**100%**	**-**	2,374,769.46	100.00%	-

The ageing is counted starting from the date when other receivables are recognised.

Other receivables with aging above 1 year are from related parties, which are expect to be collected in 2018. No bad debt provision is recognized.

8 FIXED ASSETS

(Expressed in Renminbi Yuan)

	Office equipment	Office furniture	Total
Cost			
As at 1 January 2017	2,290,217.14	427,198.51	2,717,415.65
Additions	20,547.87	55,099.14	75,647.01
As at 31 December 2017	2,310,765.01	482,297.65	2,793,062.66
Accumulated depreciation			
As at 1 January 2017	(1,770,755.46)	(345,490.61)	(2,116,246.07)
Charge for the year	(392,892.55)	(74,649.27)	(467,541.82)
As at 31 December 2017	(2,163,648.01)	(420,139.88)	(2,583,787.89)
Carrying amount			
As at 31 December 2017	147,117.00	62,157.77	209,274.77
As at 31 December 2016	519,461.68	81,707.90	601,169.58

9 LONG-TERM DEFERRED EXPENSES

(Expressed in Renminbi Yuan)

	Leasehold improvement
As at 1 January 2017	**298,463.72**
Additions during the year	**-**
Decrease during the year	
- Amortisation	**286,798.73**
As at 31 December 2017	**11,664.99**

Notes forming part of the Financial Statements

10 PAID-IN CAPITAL

(Expressed in Renminbi Yuan)

	2017		2016	
TCS Financial Solutions Australia Pty. Ltd.	**USD 5,250,000.00**	**100%**	USD 5,250,000.00	100%

	2017			2016		
Paid-in capital	**Amount in original currency**	**Amount in RMB equivalent**	**%**	Amount in original currency	Amount in RMB quivalent	%
	USD			USD		
TCS Financial Solutions Australia Pty. Ltd.	**5,250,000.00**	**36,660,950.00**	**100%**	5,250,000.00	36,660,950.00	100%
	5,250,000.00	**36,660,950.00**	**100%**	5,250,000.00	36,660,950.00	100%

Zhongpingjian Certified Public Accountants has verified the above capital contribution and issued the related capital verification report ([2007] Zhongpingjianyanbao No.390).

11 SURPLUS RESERVE

(Expressed in Renminbi Yuan)

	2017	2016
Opening balance as at 1 January	**1,397,460.41**	938,529.55
Profit appropriation – surplus reserve	**-**	458,930.86
Closing balance as at 31 December	**1,397,460.41**	1,397,460.41

12 PROFIT APPROPRIATION

Appropriation to various funds

In accordance with the Articles of Association dated, the Company made appropriations to the following funds:

Statutory surplus reserve	10%

13 RETAINED EARNINGS

(Expressed in Renminbi Yuan)

	2017	2016
Retained earnings as at 1 January	**(3,625,149.53)**	(7,755,527.25)
Add: Net loss for the year	**(15,447,771.10)**	4,589,308.58
Earnings as at 31 December	**(19,072,920.63)**	(3,166,218.67)
Add: Surplus reserve withdrawals	**-**	(458,930.86)
Retained earnings as at 31 December	**(19,072,920.63)**	(3,625,149.53)

14 SALES FROM PRINCIPAL ACTIVITIES

(Expressed in Renminbi Yuan)

	2017	2016
Revenue from providing services	**53,055,063.49**	79,888,815.22
Revenue from transferring software license	**11,914,735.20**	4,217,245.86
Total	**64,969,798.69**	84,106,061.08

15 FINANCIAL EXPENSES

(Expressed in Renminbi Yuan)

	2017	2016
Interest income	(61,697.36)	(174,534.58)
Bank charges	9,412.62	6,018.32
Net exchange losses	3,392,614.18	5,364.84
Total	3,340,329.44	(163,151.42)

16 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Related parties with controlling relationships

	Registered address	Principal activities	Relationship with the Company	Type of legal entity	Legal representative
TATA Sons Limited.	India	Conglomerate	Ultimate holding company	Indian Private Company	N Chandrasekaran
TCS Financial Solutions Australia Pty. Ltd.	Australia	Development and sale of specialist banking software	parent company	Australian Proprietary Company	NG Subramaniam

Registered capital of related parties with controlling relationships and its changes

	At the beginning of the year	Increase	Decrease	At the end of the year
TATA Sons Limited.				
TCS Financial Solutions Australia Pty. Ltd.	USD5,250,000	-	-	USD5,250,000

Equity interests held by related parties with controlling relationships and their changes

	At the beginning of the year		Increase		Decrease		At the end of the year	
	RMB	%	RMB	%	RMB	%	RMB	%
TCS Financial Solutions Australia Pty. Ltd.	USD5,250,000	100%	-	-	-	-	USD5,250,000	100%

(b) Relationship between the Company and related parties without controlling relationships

	Relationship with the Company
TATA Consultancy Services (China) Co., Ltd.	Controlled by the same ultimate holding company
TATA Consultancy Services Ltd.	Controlled by the same ultimate holding company

(c) The amounts of the Company's related party transactions during the year and its balances with related parties at the year end are summarised as follows:

(i) The material related-party transactions of the Company are summarised as follows:

(Expressed in Renminbi Yuan)

	2017	2016
Technical Service Income	2,227,000.00	-
Purchases of software licenses	2,300,733.79	2,990,367.47
Housing rentals	126,673.38	-
Provision of corporate guarantee	-	1,294,520.35
Brand equity and business promotion expenses	118,106.00	285,971.00

The Company is of the opinion that the above transactions were carried out in the normal course of business and on normal commercial terms.

Notes forming part of the Financial Statements

(ii) The balances of related party receivables, payables and borrowings at the year end are summarised as follows:

(Expressed in Renminbi Yuan)

	2017	2016
Accounts receivable	**1,784,845.38**	3,108,594.59
Other receivables	**958,604.37**	958,604.37
Accounts payable	**31,724,441.45**	64,713,928.31
Accrued expenses	**2,427,407.17**	325,158.17
Advance from a customer	**9,556,902.58**	9,556,902.58

17 COMMITMENTS

Operating lease commitments

As at balance sheet date, the future minimum lease payments under non-cancellable operating leases in respect of the leasing of properties were payable as follows:

(Expressed in Renminbi Yuan)

	2017	2016
Within 1 year	**34,000.00**	2,096,208.18
After 1 year but within 2 years	**-**	-
Total	**34,000.00**	2,096,208.18

TATA CONSULTANCY SERVICES MALAYSIA SDN. BHD.

(Company No. 625293-W)

(Incorporated in Malaysia)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2018

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

CONTENT	PAGE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of end-to-end information technology consulting and software services. There has been no significant change in the nature of these activities during the financial year.

ULTIMATE HOLDING COMPANY

The Directors regard Tata Sons Limited, a company incorporated in India, as the ultimate holding company, during the financial year and until the date of this report.

RESULTS

	RM
Profit for the year	16,719,902

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Abdullah Bin Abd Hamid

Anish Kumar Mukherjee

Girish Payangatiri Ramachandran

Kumar Natarajan

Kunnumal Sudeep

Lakshminarayanan Swaminathan Amur (Resigned on 8 September 2017)

Aarthi Subramanian (Resigned on 8 September 2017)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of INR1 each			
	At 1.4.2017	Bought	Sold/ Resignation	At 31.3.2018
Penultimate holding company				
Tata Consultancy Services Limited				
Direct interests:				
Kunnumal Sudeep	280	-	-	**280**
Girish Payangatiri Ramachandran	5,500	-	-	**5,500**
Kumar Natarajan	1,600	-	-	**1,600**
Lakshminarayanan Swaminathan Amur	79,920	-	(79,920)	-
Aarthi Subramanian	2,800	-	(2,800)	-

None of the other Directors holding office at 31 March 2018 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, no indemnity was given to or insurance was effected for Directors, officers and auditors 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 2018 have 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 re-appointment.

The auditors' remuneration is disclosed in note 11 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....	....
Kumar Natarajan	**Girish Payangatiri Ramachandran**
Director Kuala Lumpur Date: 4 May 2018	Director Kuala Lumpur Date: 4 May 2018

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 5 to 25 are drawn up in accordance with Malaysia Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2018 and of 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:

....

Kumar Natarajan

Director
Kuala Lumpur
Date: 4 May 2018

....

Girish Payangatiri Ramachandran

Director
Kuala Lumpur
Date: 4 May 2018

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Kumar Natarajan**, the Director primarily responsible for the financial management of TATA Consultancy Services Malaysia Sdn. Bhd, do solemnly and sincerely declare that the financial statements set out on pages 5 to 25 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 Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Kumar Natarajan, Passport Number: Z3094026, in Kuala Lumpur in the Federal Territory on 4 May 2018.

....

Kumar Natarajan

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF

TATA CONSULTANCY SERVICES MALAYSIA SDN BHD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TATA Consultancy Services Malaysia Sdn. Bhd., which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 25.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard 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 Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard 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

The financial statements of the Company as at and for the year ended 31 March 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 21 April 2017.

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT

(LLP0010081-LCA & AF 0758)

Chartered Accountants

Ong Beng Seng

Approval Number: 02981/05/2020 J

Chartered Accountant

Petaling Jaya
Date: 4 May 2018

Statement of Financial Position as at 31 March 2018

(Unit:RM)

	Note	2018	2017
Assets			
Plant and equipment	3	**1,598,396**	1,593,660
Investments in unquoted shares	4	**3,679**	3,679
Deferred tax assets	5	**1,889,393**	1,356,407
Total non-current assets		**3,491,468**	2,953,746
Current tax assets		**1,575,675**	2,306,725
Trade and other receivables	6	**94,966,386**	93,345,128
Cash and cash equivalents	7	**23,002,630**	19,970,795
Total current assets		**119,544,691**	115,622,648
Total assets		**123,036,159**	118,576,394
Equity			
Share capital	8	**2,000,000**	2,000,000
Retained earnings		**74,748,344**	58,028,442
Total equity		**76,748,344**	60,028,442
Liabilities			
Trade and other payables	9	**46,287,815**	58,547,952
Total current liabilities		**46,287,815**	58,547,952
Total liabilities		**46,287,815**	58,547,952
Total equity and liabilities		**123,036,159**	118,576,394

Statement of Comprehensive Income for the year ended 31 March 2018

(Unit:RM)

	Note	2018	2017
Revenue	10	**300,000,974**	240,749,569
Cost of sales		**(243,041,758)**	(199,200,913)
Gross profit		**56,959,216**	41,548,656
Other operating income		**498,904**	2,573,721
Administrative expenses		**(29,931,086)**	(24,324,431)
Other operating expenses		**(5,754,979)**	(9,416,300)
Profit before tax	11	**21,772,055**	10,381,646
Tax expense	12	**(5,052,153)**	(2,756,048)
Profit and total comprehensive income for the year		**16,719,902**	7,625,598

Statement of Changes in Equity for the year ended 31 March 2018

(Unit:RM)

	Distributable		
	Share capital	Retained Earnings	Total equity
At 1 April 2016	2,000,000	50,402,844	52,402,844
Profit and total comprehensive income for the year	-	7,625,598	7,625,598
At 31 March 2017/1 April 2017	**2,000,000**	**58,028,442**	**60,028,442**
Profit and total comprehensive income for the year	**-**	**16,719,902**	**16,719,902**
At 31 March 2018	**2,000,000**	**74,748,344**	**76,748,344**

Statement of Cash Flows for the year ended 31 March 2018

(Unit:RM)

	Note	2018	2017
Cash flows from operating activities			
Profit before tax		**21,772,055**	10,381,646
Adjustments for:			
Depreciation of plant and equipment	3	**691,090**	589,755
Dividend income from investment in unquoted shares		**(67,423)**	(112,200)
Interest income		**-**	(131,616)
Unrealised foreign exchange gain		**(49,263)**	(1,440,010)
Operating profit before changes in working capital		**22,346,459**	9,287,575
Change in trade and other receivables		**(1,525,264)**	(32,179,258)
Change in trade and other payables		**(12,263,582)**	25,781,483
Cash generated from operations		**8,557,613**	2,889,800
Tax paid		**(4,897,375)**	(10,721,391)
Net cash from/ (used in) operating activities		**3,660,238**	(7,831,591)
Cash flows from investing activities			
Dividends received from investment in unquoted shares		**67,423**	112,200
Acquisition of plant and equipment	3	**(695,826)**	(826,540)
Interest received		**-**	131,616
Net cash used in investing activities		**(628,403)**	(582,724)
Net increase / (decrease) in cash and cash equivalents		**3,031,835**	(8,414,315)
Cash and cash equivalents at 1 April		**19,970,795**	28,385,110
Cash and cash equivalents 31 March		**23,002,630**	19,970,795

Notes forming part of the Financial Statements

TATA Consultancy 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

Suite 21-15 and 21-16, Level 21
G-Tower, 199 Jalan Tun Razak
50400 Kuala Lumpur, Malaysia.

Registered office

Level 8, Blok D13, Symphony House
Pusat Dagangan Dana 1, Jalan PJU 1A/46
47301 Petaling Jaya
Kuala Lumpur, Malaysia

The Company is principally engaged in the provision of end-to-end information technology consulting and software services. There has been no significant change in the nature of these activities during the financial year.

The Company is a wholly-owned subsidiary of Tata Consultancy Asia Pacific Pte. Ltd., a company incorporated in Singapore. Tata Consultancy Services Limited and Tata Sons Limited, both companies incorporated in India, are the penultimate and ultimate holding companies respectively.

These financial statements were authorised for issue by the Board of Directors on 4 May 2018.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act 2016 in Malaysia.

(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

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MPERS 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.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Foreign currency

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.

Notes forming part of the Financial Statements

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, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

All foreign currency differences are recognised in profit or loss.

(b) Financial instruments

(i) Initial recognition and measurement

A financial asset or 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 or financial liability is recognised initially at the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is subsequently measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction for the Company (for a financial liability) or the counterparty (for a financial asset) to the arrangement. If the 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 as determined at initial recognition.

(ii) Subsequent measurement

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method:

(a) returns to the holder are determinable, e.g. a fixed amount and/or variable rate of return benchmark against a quoted or observable interest rate;

(b) there is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current period or prior periods; and

(c) prepayment option, if any, is not contingent on future events.

Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be paid or received unless the arrangement constitutes, in effect, a financing transaction.

Investment in non-puttable ordinary shares are measured at cost less impairment, unless the shares are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort, in which case the investments are measured at fair value with changes in fair value recognised in profit or loss.

All other financial assets or financial liabilities not measured at amortised cost or cost less impairment are measured at fair value with changes recognised in profit or loss.

All financial assets (except for financial assets measured at fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment. An impairment loss is measured as follows:

- For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.
- For an instrument measured 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.

(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 are settled, 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 derecognised and the consideration received, including any newly created rights and obligations, is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. 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.

(c) Plant and equipment

(i) Recognition and measurement

Items of 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.

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 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 is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively 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 to profit or loss. The cost 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, 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 plant and equipment from the date that they are available for use. Plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives are as follows:

• Computers	4 years
• Furniture and fittings	5-10 years
• Office equipment	5 years
• Leasehold improvements	Lease period

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits, the Company would review its present depreciation method and, if current expectations differ, the Company would amend the residual value, depreciation method or useful life to reflect the new pattern.

(d) Amount due from/ to contract customers

Amount due from contract customers represent gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity. If progress billing exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers which is part of the payables in the statement of financial position.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks.

(f) Impairment of non-financial assets

The carrying amounts of non-financial asset (i.e. plant and equipment) 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.

For the purpose of impairment testing, assets are grouped together into the smallest identifiable 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 higher of its fair value less costs to sell and its 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 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.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period 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.

(g) 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.

(h) 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) State plans

The Company's contributions to 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.

(i) 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.

(j) Revenue and other income

(i) Revenue recognition

The Company earns revenue from services rendered in relation to information technology and consultancy services. Revenue from bundled contracts that involve supplying computer equipment, licensing software and providing services is allocated separately based on their fair value. Revenue from contract priced on a time and material basis is recognised as services are rendered and as related costs are incurred. Revenue from software development contracts, which are generally time bound fixed price contracts, is recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses as such contracts are recognised when probable. Revenue from Business Process Services contracts prized on the basis of time and material or unit of delivery is recognised as services are rendered or related obligation is performed. Revenue from sale of internally developed software systems is recognised upon delivery, which is when the absolute right to use passes to the customer and the Company does not have material remaining service obligations. Revenue from maintenance contracts is recognised on a pro-rate basis over the period of the contract. Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured. Revenue is reported net of discounts and goods and services tax.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(k) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive 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 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 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 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, and only 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 plan to settle current tax assets and liabilities 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.

(l) Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only

Notes forming part of the Financial Statements

be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Leased assets

Operating leases

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

3. PLANT AND EQUIPMENT

(Unit:RM)

	Computers	Furniture and fittings	Leasehold improvements	Office equipment	Construction-in progress	Total
Cost						
At 1 April 2017	**3,006,173**	**666,206**	**246,778**	**112,078**	**22,849**	**4,054,084**
Additions	**616,968**	**-**	**-**	**76,970**	**1,888**	**695,826**
Reclassifications	**22,849**	**-**	**-**	**-**	**(22,849)**	**-**
At 31 March 2018	**3,645,990**	**666,206**	**246,778**	**189,048**	**1,888**	**4,749,910**
Depreciation						
At 1 April 2017	**1,502,542**	**621,529**	**234,308**	**102,045**	**-**	**2,460,424**
Depreciation for the year	**660,652**	**6,484**	**6,424**	**17,530**	**-**	**691,090**
At 31 March 2018	**2,163,194**	**628,013**	**240,732**	**119,575**	**-**	**3,151,514**
Carrying amounts						
At 1 April 2017	1,503,631	44,677	12,470	10,033	22,849	1,593,660
At 31 March 2018	**1,482,796**	**38,193**	**6,046**	**69,473**	**1,888**	**1,598,396**

4. INVESTMENT IN UNQUOTED SHARES

(Unit:RM)

	2018	2017
At cost		
Unquoted shares	**3,679**	3,679

5. DEFERRED TAX ASSETS/ (LIABILITIES)

Recognised deferred tax assets/ (liabilities)

Deferred tax assets and liabilities attributable to the following:

(Unit:RM)

	Assets		Liabilities		Net	
	2018	2017	**2018**	2017	**2018**	2017
Company						
Plant and equipment	**-**	-	**(118,599)**	(141,978)	**(118,599)**	(141,978)
Others	**2,007,992**	1,498,385	**-**	-	**2,007,992**	1,498,385
	2,007,992	1,498,385	**(118,599)**	(141,978)	**1,889,393**	1,356,407

Notes forming part of the Financial Statements

The components and movements of temporary differences during the financial year are as follows:

(Unit:RM)

	At 1 April 2017	Recognised in profit or loss (note 12)	At 31 March 2018
Plant and equipment	(141,978)	**23,379**	**(118,599)**
Allowances and others	1,498,385	**509,607**	**2,007,992**
	1,356,407	**532,986**	**1,889,393**

6. TRADE AND OTHER RECEIVABLES

(Unit:RM)

	Note	2018	2017
Trade			
Third parties trade receivables		**62,931,798**	59,772,310
Amounts due from:			
- immediate holding company	6.1	**-**	202,900
- penultimate holding company	6.1	**219,342**	264,086
- related companies	6.1	**521,872**	535,312
Amount due from contract customers		**19,205,182**	20,213,923
		82,878,194	80,988,531
Non-trade			
Other receivables		**2,613,797**	769,261
Refundable deposits		**4,236,670**	4,240,339
Prepayments			
- third parties		**2,321,931**	2,783,242
- penultimate holding company		**2,915,794**	4,563,755
		12,088,192	12,356,597
		94,966,386	93,345,128

6.1 The trade amount due from immediate holding company, penultimate holding company and related companies are unsecured and the normal trade credit terms is 30 days (2017: 30 days).

7. CASH AND CASH EQUIVALENTS

(Unit:RM)

	2018	2017
Cash and bank balances	**23,002,630**	19,970,795

Notes forming part of the Financial Statements

8. SHARE CAPITAL

(Unit:RM)

	Number of shares	Amount
Issued and fully paid:		
Ordinary shares	**-**	**-**
At 1 April 2017/ 31 March 2018	**2,000,000**	**2,000,000**

The new Companies Act 2016 (the "Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, there is no authorised share capital and par value of share capital as at 31 March 2018.

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at general meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

9. TRADE AND OTHER PAYABLES

(Unit:RM)

	Note	2018	2017
Trade			
Amount due to contract customers		**8,525,167**	7,336,045
		8,525,167	7,336,045
Non-trade			
Other payables		**1,978,318**	7,021,245
Amounts due to:			
- immediate holding company	9.1	**1,578,297**	1,157,317
- penultimate holding company	9.1	**16,400,826**	28,958,757
- ultimate holding company	9.1	**735,060**	-
- related companies	9.1	**70**	13,218
Accruals		**17,070,077**	14,061,370
		37,762,648	51,211,907
		46,287,815	58,547,952

9.1 The non-trade balances due to immediate holding company, penultimate holding company, ultimate holding company and related companies represent payments made on behalf, which are unsecured, interest-free and repayable on demand.

10. REVENUE

(Unit:RM)

	2018	2017
Rendering of consultancy services	**282,384,463**	229,836,117
Sale of equipment and software licenses	**17,616,511**	10,913,452
	300,000,974	240,749,569

Notes forming part of the Financial Statements

11. PROFIT BEFORE TAX

(Unit:RM)

	2018	2017
Profit before tax is arrived at after charging:		
Auditors' remuneration		
- KPMG	**30,000**	-
- Other auditor	**2,564**	29,000
Depreciation on plant and equipment	**691,090**	589,755
Personnel expenses		
- Salaries and bonuses	**119,499,188**	55,054,665
- Contributions to defined contribution plan	**2,392,555**	1,617,593
- Social security contributions	**361,873**	226,323
- Other employees benefits	**6,080,765**	7,847,731
Realised loss on foreign exchange	**516,607**	688,508
and after crediting:		
Dividend income from investments in unquoted shares	**67,423**	112,200
Interest income	**-**	131,616
Realised gain on foreign exchange	**-**	5,000
Reversal of impairment losses on trade receivables	**31,427**	752,686
Net unrealised foreign exchange gain	**49,263**	1,440,010

12. TAX EXPENSE

(Unit:RM)

	2018	2017
Current tax expense		
- current year	**5,461,287**	1,356,702
- under provision in prior year	**123,852**	2,733,164
	5,585,139	4,089,866
Deferred tax expense		
- origination and reversal of temporary differences	**(299,228)**	1,439,001
- over provision in prior year	**(233,758)**	(2,772,819)
	(532,986)	(1,333,818)
	5,052,153	2,756,048

13. OPERATING LEASES

Leases as leasee

The Company had entered into non-cancellable lease agreements for office premises and staff accommodation, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

Notes forming part of the Financial Statements

Non-cancellable operating lease rentals are payable as follows:

(Unit:RM)

	2018	2017
Not later than one year	**7,493,325**	3,437,992
Later than one year but not later than five years	**246,900**	42,731
	7,740,225	3,480,723

14. FINANCIAL INSTRUMENTS

14.1 Categories of financial instrument

The table below provides an analysis of financial instrument categorised as follows:-

- Financial assets and financial liabilities measured at amortised cost ("AC") and,
- Financial assets that are equity instruments measured at cost less impairment ("CLI")

(Unit:RM)

2018	**Carrying amount**	**AC**	**CLI**
Financial assets			
Trade and other receivables	**66,286,809**	**66,286,809**	**-**
Investments in unquoted shares	**3,679**	**-**	**3,679**
	66,290,488	**66,286,809**	**3,679**
Financial liabilities			
Trade and other payables	**37,762,648**	**37,762,648**	**-**

(Unit:RM)

2017	Carrying amount	AC	CLI
Financial assets			
Trade and other receivables	61,543,869	61,543,869	-
Investments in unquoted shares	3,679	-	3,679
	61,547,548	61,543,869	3,679
Financial liabilities			
Trade and other payables	51,211,907	51,211,907	-

14.1 Net gains and losses arising from financial instruments

	2018	2017
Net gains/(losses) on:		
Financial assets measured at amortised cost:	**(27,634)**	1,520,085
Financial liabilities measured at amortised costs	**(408,283)**	120,719
Financial assets that are equity instruments measured at cost less impairment	**67,423**	112,200
	(368,494)	1,753,004

15. RELATED PARTIES

Significant related parties transactions

Significant related parties transactions of the Company are shown below. The balances to the below transactions are shown in notes 6 and 9.

	2018	2017
Project costs and other operating expenses charged for the financial year		
- Related companies	**4,619,909**	4,218,868
- Penultimate holding company	**980,125**	812,942
- Immediate holding company	**3,769,344**	983,186
Project costs and other operating expenses incurred for the financial year:		
- Penultimate holding company	**72,646,075**	62,488,887
- Immediate holding company	**1,410,039**	2,186,882
- Ultimate holding company	**751,316**	523,442
- Related companies	**70**	332,630
Staff costs incurred for the financial year		
- Penultimate holding company	**45,346,888**	36,441,740
- Immediate holding company	**1,365,721**	1,450,201
- Related companies	**-**	11,834
Dividend income		
- Related company	**67,423**	112,200
Key management personnel Directors		
Professional fees paid to a Director of the Company	**120,000**	120,000
Emoluments other than fees	**931,958**	889,443

The estimated monetary value of benefits-in-kind provided to a Director during the financial year amounted to RM188,539 (2017: RM132,293).

TATA Consultancy Services (China) Co., Ltd.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR 1 JANUARY 2017 TO 31 DECEMBER 2017

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

AUDITOR'S REPORT

To the Board of Directors of TATA Consultancy Services (China) Co., Ltd.:

OPINION

We have audited the accompanying financial statements of TATA Consultancy Services (China) Co., Ltd. ("TATA China") set out on pages 1 to 20, which comprise the balance sheet as at 31 December 2017, the income and profit appropriation statement, the cash flow statement, and the statement of changes in owners' equity 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 TATA China as at 31 December 2017, and the financial performance and cash flows of TATA China for the year then ended in accordance with Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). 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 TATA China in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the 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 the requirements of the Accounting Regulations for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing TATA China'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 TATA China or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing TATA China'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 CSAs 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 CSAs, 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 TATA China'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 TATA China'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 TATA China 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.

KPMG Huazhen LLP	**Certified Public Accountants**
	Registered in the People's Republic of China
	Ma Hongchao
Beijing, China	Du Mian
	25 April 2018

Balance sheet as at 31 December 2017

RMB

	Note	31 December 2017	31 December 2016
ASSETS			
CURRENT ASSETS			
Cash at bank and on hand	5	**60,058,953.92**	42,696,252.80
Accounts receivable	6	**166,533,888.42**	199,311,368.14
Prepayments		**13,018.47**	-
Other receivables	7	**5,434,237.15**	3,885,027.47
Accrued expenses		**3,802,056.55**	2,214,117.64
Other current assets		**4,356,349.57**	-
TOTAL CURRENT ASSETS		**240,198,504.08**	248,106,766.05
FIXED ASSETS			
Fixed assets - original cost	8	**68,014,945.24**	60,331,042.79
Less: accumulated depreciation	8	**49,446,098.84**	45,728,669.84
Fixed assets - net book value	8	**18,568,846.40**	14,602,372.95
Construction in progress	9	**8,673,628.94**	148,648.65
Total fixed assets		**27,242,475.34**	**14,751,021.60**
OTHER ASSET			
Long-term deferred expenses	10	**259,942.05**	608,433.15
Total other asset		**259,942.05**	608,433.15
TOTAL ASSETS		**267,700,921.47**	263,466,220.80
LIABILITIES AND OWNER'S EQUITY			
CURRENT LIABILITIES			
Accounts payable		**51,538,519.13**	31,336,352.45
Advances from customers		**2,627,399.71**	105,226.71
Salaries and employee benefits payable		**32,979,427.31**	22,822,390.36
Taxes payable	4(d)	**5,878,578.67**	14,268,144.24
Other payables		**1,662,585.73**	8,444,530.15
Accrued expenses		**14,511,551.73**	7,630,221.97
TOTAL CURRENT LIABILITIES		**109,198,062.28**	84,606,865.88
TOTAL LIABILITIES		**109,198,062.28**	84,606,865.88
OWNER'S EQUITY			
Paid-in capital (Stock)	11	**201,936,346.00**	201,936,346.00
Capital reserves	12	**91,094.00**	91,094.00
Surplus reserves	13	**74,087.59**	74,087.59
Undistributed deficit	14	**(43,598,668.40)**	(23,242,172.67)
Total owner's equity attributable to parent		**158,502,859.19**	178,859,354.92
TOTAL OWNER'S EQUITY		**158,502,859.19**	178,859,354.92
TOTAL LIABILITIES AND OWNER'S EQUITY		**267,700,921.47**	263,466,220.80

These financial statements were approved by the Board of Directors of the Company on 25 April 2018.

Authorized Representative   Head of Finance   Finance Manager:

Income Statement
For the year ended 31 December 2017

RMB

	Note	2017	2016
SALES FROM PRINCIPAL ACTIVITIES	15	**541,192,913.23**	499,124,945.21
Less: Cost of sales from principal activities		**432,132,242.16**	340,546,332.73
Business taxes and surcharges from principal activities	4(a)	**2,117,401.01**	2,334,371.80
PROFIT FROM PRINCIPAL ACTIVITIES		**106,943,270.06**	156,244,240.68
Less: Selling and distribution expenses		**13,100,309.04**	12,623,515.01
General and administrative expenses		**122,407,074.88**	94,592,401.46
Finance expenses / net profits	16	**2,793,956.30**	(1,512,250.43)
(Loss) / Profit from operations		**(31,358,070.16)**	50,540,574.64
Add: Subsidy income	17	**10,540,698.54**	9,306,188.86
Non-operating income		**460,875.89**	942,149.89
Less: Non-operating expenses		**-**	76,838.18
(Loss) / Profit before tax		**(20,356,495.73)**	60,712,075.21
Less: Income taxes	4(c)	**-**	24,272,526.05
NET (LOSS) / PROFIT FOR THE YEAR		**(20,356,495.73)**	36,439,549.16

Cash flow statement
For the year ended 31 December 2017

RMB

	Note	2017	2016
Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		**607,375,246.36**	481,301,053.84
Refunds of taxes		**-**	-
Cash received relating to other operating activities		**926,078.23**	5,447,088.20
Sub-total of cash inflows		**608,301,324.59**	486,748,142.04
Cash paid for goods and services		**72,338,634.51**	54,517,687.82
Cash paid to and for employees		**425,226,170.17**	327,569,501.16
Cash paid for all types of taxes		**33,558,151.85**	34,209,435.48
Cash paid relating to other operating activities		**38,944,823.65**	60,843,052.08
Sub-total of cash outflows		**570,067,780.18**	477,139,676.54
Net cash inflow from operating activities	i	**38,233,544.41**	9,608,465.50
Cash flows from investing activities:			
Cash received from disposal of fixed assets		**23,188.00**	2,000.00
Sub-total of cash inflows		**23,188.00**	2,000.00
Cash paid to acquire fixed assets and other long-term assets		**20,815,811.23**	9,113,056.92
Sub-total of cash outflows		**20,815,811.23**	9,113,056.92
Net cash outflow from investing activities		**(20,792,623.23)**	(9,111,056.92)
Effect of foreign exchange rate changes on cash and cash equivalents		**(78,220.06)**	(1,065,296.48)
Net increase / (decrease) in cash and cash equivalents	ii	**17,362,701.12**	(567,887.90)
Notes to the cash flow statement			
i Reconciliation of net (loss) / profit to cash flows from operating activities			
Net (loss) / profit		**(20,356,495.73)**	36,439,549.16
Add: Provision for impairment of receivable		**795,196.44**	931,328.02
Depreciation of fixed assets		**8,324,357.50**	6,217,924.18
Amortization of long-term deferred expenses		**348,491.10**	325,588.56
Increase in prepaid expenses		**(2,489,106.15)**	(898,044.09)
Increase /(decrease) in accrued expense		**6,881,329.76**	(6,713,126.67)
(Gains) / losses on disposal of fixed assets		**(23,188.00)**	50,838.18
Financial expenses		**3,055,233.80**	1,065,296.48
Decrease / (increase) in operating receivables		**22,939,328.47**	(46,238,274.82)
Increase in operating payables		**18,758,397.22**	18,427,386.50
Net cash inflow from operating activities		**38,233,544.41**	9,608,465.50
ii Net decrease of cash and cash equivalents			
Cash and cash equivalents at the end of the year		**60,058,953.92**	42,696,252.80
Less: Cash at the beginning of the year		**42,696,252.80**	43,264,140.70
Net increase / (decrease) in cash and cash equivalents		**17,362,701.12**	(567,887.90)

Notes forming part of the Financial Statements

1 COMPANY STATUS

TATA Consultancy Services (China) Co., Ltd. (hereafter the "Company") is a foreign-owned investment joint-stock system enterprise registered on 16 November 2006 with the approval from Ministry of Commerce of PRC (Shang Zi Pi No.[2006]1936) and Beijing Municipal People's Government (Shang Wai Zi Jing Zi No. [2006] 20517 on 18 October 2006) in 2006.The registered capital of the Company is RMB 100,800,000 and the Company obtained its business license with the registered number of 110000410302580.The head office of the Company is located in Tower D, 3rd District, No.9 Building, Zhongguancun, Software Park, 8 Dongbeiwang West Road, Haidian District, Beijing. In 2008, the board of shareholders decided to change the registered capital. MS CJV Investment Corporation invested into the Company as a new shareholder. The registered capital changed to RMB 110,400,000 with the approval from Beijing Bureau of Commerce (Jing Shang Zi No.[2008]1748). The Company obtained the new business license (No. 110000410302580) which was reissued by Beijing municipal people's government.

In 2010, according to the Resolution of interim shareholders' meeting, the Company merged TATA Consultancy Services (Shanghai) Co.,Ltd . After that, the registered capital changed to RMB 201,936,46.00, with the approval from Beijing Municipal Commission of Commerce (Jing Shang wu Zi No.[2010]1077). On 21 December 2010, the Company received the renewal certificate of approval (Shang Wai zi Jing Zi No. [2006] 20517) and business license (No. 110000410302580) from Beijing Municipal People's Government.

On November 28, 2016, the Company changed the basic information include the change of ownership, cooperation rights and interests, with the record of Jing Hai Wai Zi Bei 201600099. The capital contributions of investors after changes shown as follow:

Investors	**Percentage of investment**
TATA Consultancy Services Asia Pacific Pte Ltd.	93.20%
Beijing Zhongguancun Software Park Development Co., Ltd.	3.60%
Tianjin Huayuan Software Park Construction and Development Co., Ltd.	3.20%
Total	**100.00%**

The scope of business operations includes the development and production of software; the sale of self-product; the development, consultation, service and transfer of technology; the service of data processing and electronic information storage; the development, consultation and transfer of network technology; the integration of computer system; the wholesale and commission agent (apart from auctions) of computer and component, electronic products as well as office supplies; the import and export business of product and technology; the agent of import and export business; the business process outsourcing services (not related to state trading management of goods, involving quotas, licenses, and the management of commodity in accordance with relevant state provisions application).

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Accounting Regulations and the Accounting System for Business Enterprises as promulgated by the State of the People's Republic of China. The financial statements of the Company have been prepared on a going concern basis.

3 PRINCIPAL ACCOUNTING POLICIES

(a) Accounting period
The Company adopts the calendar year as its accounting year from 1 January to 31 December.

(b) Basis of preparation and measurement bases
The financial statements of the Company have been prepared on an accrual basis. Unless otherwise stated, the measurement basis used is historical cost.

(c) Functional currency
The functional currency of the Company is Renminbi. The currency used in the preparation of the financial statements is Renminbi.

Notes forming part of the Financial Statements

(d) Translation of foreign currencies

Foreign currency transactions during the year are translated into Renminbi at the exchange rates quoted by the People's Bank of China ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Renminbi at the exchange rates quoted by the People's Bank of China and other exchange rates recognized by the State ruling at the balance sheet date. Exchange gains and losses on foreign currency translation, except for the exchange gains and losses directly relating to the construction of fixed assets (see Note 15) and the transactions referred to below, are dealt with in the income statement.

(e) Cash equivalents

Cash equivalents refer to 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.

(f) Provision for bad and doubtful debts

The provision for bad and doubtful debts is estimated by management based on individual accounts receivable which show signs of uncollectibility and an ageing analysis. Provision for other receivables is determined based on their specific nature and management's estimate of their collectibility.

The Company recognises bad debts loss when the following criteria are met:

(1) Due to bankruptcy or revocation imposed by law of the debtors with relevant declaration of bankruptcy, cancellation of business registration or proof of revocation of business license or order to foreclose by the government department being obtained, bad debt loss is recognised based on the irrecoverable balance after netting off the settlement of the liquidated assets of the debtors;

(2) Due to the death or declaration by law to be missing or pronounced dead of the debtors and the estate is insufficient to cover the debt where there is no heir to the debts, bad debt loss is recognised after obtaining all relevant legal documents;

(3) For balances under legal dispute, bad debt loss is recognised on the lawsuit which is lost based on Court Order or those lawsuit won but adjudicated to stop the execution of the Order;

Bad debt is accounted for using the allowance method. For related party receivable balance, it is based on specific identification method. For non-related party balance, provision of bad debt should be determined by aging. Specific percentage is as follow:

Aging	Provision for bad debts as a percentage of receivables %
Over 365 days	100

(g) Fixed assets and construction in process

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 8). Construction in progress is stated in the balance sheet at cost less impairment losses.

All direct and indirect costs that are related to the construction of fixed assets and incurred before the assets are ready for their intended use are capitalised as construction in progress. Those costs include borrowing costs (including foreign exchange differences arising from the loan principal and the related interest) on specific borrowings for the construction of the fixed assets during the construction period are capitalised as construction in progress. Construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is provided against construction in progress.

Fixed assets are depreciated using the straight-line method over their estimated useful lives. The respective estimated useful lives and the estimated rate of residual values on cost for the Company's fixed assets are as follows:

Category	Estimated useful life	Estimated rate of residual value	Rate of depreciation
Leasehold improvement	shorter of beneficial period and lease term	-	-
Office and other equipment	4-10	-	10%-25%

(h) Lease

The rent of the operating lease is considered the cost in a straight line during the lease period. Contingent rental is recognized as the current cost when it is actually happening.

(i) Long-term deferred expenses

The Company's long-term deferred expenses are recorded at the actual cost, and evenly amortized over the expected beneficial period. The amortization period of the expenses is:

Improvement on power supporting facilities in Tianjin office	4.3 years

(j) Provision for impairment

The carrying amounts of assets (including designated loans receivable, long-term investments, fixed assets, and construction in progress, intangible assets and other assets) are assessed regularly to determine whether their recoverable amounts have declined below their carrying amounts. Assets are tested for impairment whenever events or changes in conditions indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The amount by which the carrying amount is reduced is the impairment loss.

The recoverable amount is the greater of the net selling price and the present value of the estimated future cash flows arising from the continuous use of the asset and from the disposal of the asset at the end of its useful life.

Provision for impairment is calculated on an item-by-item basis and recognized as an expense in the income statement.

If there is an indication that there has been a change in the factors used to determine the provision for impairment and as a result the estimated recoverable amount is greater than the carrying amount of the asset, the impairment loss recognized in prior years is reversed. Reversals of impairment losses are recognized in the income statement. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years.

(k) Income tax

Income tax is recognized using the tax payable method. Income tax for the year is provided at the applicable tax rate on taxable income.

(l) Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made.

Where it is not probable that the settlement of this obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the obligation is disclosed as a contingent liability.

(m) Revenue recognition

(i) **Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised in the income statement by reference to the stage of completion of the transaction based on the proportion of costs incurred to date to the estimated total costs of the transaction. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the costs incurred that are expected to be recoverable.

(ii) **Subsidy income**

Subsidy income is calculated and recognised in the income statement upon receipt of the subsidy.

(iii) **Interest income**

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable rate.

(n) Retirement benefits

Pursuant to the relevant laws and regulations in the PRC, the Company has joined a defined contribution retirement plan for the employees arranged by a governmental organization. The Company makes contributions to the retirement scheme at the applicable rate(s) based on the employees' salaries. The contributions are capitalized into cost of

Notes forming part of the Financial Statements

assets or charged to the income statement on an accrual basis. After the payment of the contributions under the retirement plan, the Company does not have any other obligations in this respect.

(o) Related parties

If the Company has the power, directly or indirectly, to control, jointly control or exercise significant influence over another party, or vice versa, or where the Company and one or more parties are subject to common control from another party, they are considered to be related parties. Related parties may be individuals or enterprises.

4 TAXATION

(a) Main taxes and tax rates

Type	Tax basis	Tax rates
Value added tax	Taxable revenue	6%
Urban maintenance and construction tax	7% of the actual value of VAT	7%
Additional education fees	3% of the actual value of VAT	3%
Local additional education fees	2% of the actual value of VAT	2%
Enterprise income tax	Taxable income	25%

(b) Tax preference and official documents

Tax exemption of offshore outsourcing revenue

According to Fiscal and Tax [2011]110 Business Tax to Value Added Tax Transformation Pilot Program and Fiscal and Tax [2012]71 The Circular of Implementation of Pilot Program of Transformation of Business Tax to Value Added Tax in Transportation Industry and Part of Modern Service Industry in Beijing and other seven provinces, the offshore outsourcing business which meets the requirements should be exempted from VAT. Therefore the entity's Beijing Branch, Shenzhen Branch (Shen Guoshui Nan Jianmian Bei [2012] No.1205), Hangzhou Branch (Binjiang Guoshui Waibaobeigao [2013] No.4101) and Dalian Branch (Gaoguoshui jianmianzhun [2013] No.360) which meet the requirements should be exempted from payment of VAT for their offshore outsourcing business conducted in current year.

(c) Income tax

	2017	2016
Business income tax	**-**	18,005,494.73
Adjustment for transfer pricing	**-**	6,267,031.32
Total	**-**	24,272,526.05

The tax rate is 25%.

(d) Tax payable

	2017	2016
VAT payable	**270,024.41**	2,476,632.00
Income tax	**449,242.96**	7,286,350.90
Individual tax	**5,159,311.30**	4,505,161.34
Total	**5,878,578.67**	14,268,144.24

5 CASH AT BANK AND IN HAND

	2017	2016
Cash in hand	**39,299.44**	92,360.00
Cash at bank	**60,019,654.48**	42,603,892.80
Total	**60,058,953.92**	42,696,252.80

The above includes foreign currency as follows:

	2017			2016		
US Dollar	**Original currency**	**Exchange rate**	**RMB equivalents**	Original currency	Exchange rate	RMB equivalents
	126,231.96	**6.5342**	**824,824.87**	100,727.29	6.9370	698,745.21

6 ACCOUNT RECEIVABLE

By aging analysis as follows:

	2017			2016		
	Amount	**%**	**Provision for bad debts**	Amount	%	Provision for bad debts
Within 1 year	**164,979,093.39**	**97.20%**	**-**	178,823,688.96	88.65%	-
Between 1 and 2 years	**1,683,765.17**	**1.00%**	**1,283,880.99**	19,764,230.78	9.80%	609,366.58
Between 2 and 3 years	**711,922.44**	**0.41%**	**294,994.38**	1,752,958.97	0.87%	634,893.78
Above 3 years	**2,352,519.03**	**1.39%**	**1,614,536.24**	1,368,704.60	0.68%	1,153,954.81
Total	**169,727,300.03**	**100%**	**3,193,411.61**	201,709,583.31	100%	2,398,215.17

The ageing is counted starting from the date when accounts receivable are recognized.

Provision for bad and doubtful debts:

	2017	2016
1 January 2017	**2,398,215.17**	3,244,232.70
Add: Addition	**1,267,347.81**	931,328.02
Less: Reverse	**130,787.96**	1,777,345.55
Write off	**341,363.41**	-
31 December 2017	**3,193,411.61**	2,398,215.17

Notes forming part of the Financial Statements

7 OTHER RECEIVABLES

Aging analysis:

	2017			2016		
	Amount	**%**	**Provision for bad debts**	Amount	%	Provision for bad debts
Within 1 year	**1,816,196.47**	**33.42%**	**-**	735,818.56	18.94%	-
Between 1 and 2 years	**498,831.77**	**9.18%**	**-**	193,142.60	4.97%	-
Between 2 and 3 years	**193,142.60**	**3.55%**	**-**	710,781.07	18.30%	-
Above 3 years	**2,926,066.31**	**53.85%**	**-**	2,245,285.24	57.79%	-
Total	**5,434,237.15**	**100%**	**-**	3,885,027.47	100%	-

The ageing is counted starting from the date when other receivables are recognized.

Other receivables with aging over 1 year are office rent deposit, which are expect to be collected. No bad debt provision is recognized.

8 FIXED ASSETS

	Leasehold building improvement	**Office and other equipment**	**Total**
Cost			
As at 1 January 2017	**16,218,121.28**	**44,112,921.51**	**60,331,042.79**
Additions	**-**	**8,490,078.76**	**8,490,078.76**
Transfer from construction in progress	**3,315,315.30**	**485,436.89**	**3,800,752.19**
Disposals	**-**	**(4,606,928.50)**	**(4,606,928.50)**
As at 31 December 2017	**19,533,436.58**	**48,481,508.66**	**68,014,945.24**
Accumulated depreciation			
As at 1 January 2017	**(14,299,874.17)**	**(31,428,795.67)**	**(45,728,669.84)**
Charge for the year	**(2,603,730.24)**	**(5,720,627.26)**	**(8,324,357.50)**
Written back on disposal	**-**	**4,606,928.50**	**4,606,928.50**
As at 31 December 2017	**(16,903,604.41)**	**(32,542,494.43)**	**(49,446,098.84)**
Carrying amount			
As at 31 December 2017	**2,629,832.17**	**15,939,014.23**	**18,568,846.40**
As at 31 December 2016	**1,918,247.11**	**12,684,125.84**	**14,602,372.95**

Note: The net book value of fixed assets is higher than the recoverable amount, no impairment provision for fixed assets has been provided at balance sheet date.

Notes forming part of the Financial Statements

9 CONSTRUCTION IN PROGRESS

Cost	
As at 1 January 2017	**148,648.65**
Additions during the year	**12,325,732.48**
Transfers to fixed assets during the year	**(3,800,752.19)**
As at 31 December 2017	**8,673,628.94**
Carrying amount	
As at 31 December 2017	**8,673,628.94**
As at 31 December 2016	**148,648.65**

10 LONG-TERM DEFERRED EXPENSES

	31 December 2016	Additions during the year	Decrease during the year		31 December 2017
			Amortized during the year	Write off	
Improvement on power supporting facilities in Tianjin office	**608,433.15**	**-**	**348,491.10**	**-**	**259,942.05**

11 PAID-IN CAPITAL

	2017		2016	
	Amount	%	Amount	%
TATA Consultancy Services Asia Pacific Pte Ltd.	**188,204,674.00**	**93%**	188,204,674.00	93%
Beijing Zhongguancun Software Park Development Co., Ltd.	**7,269,709.00**	**4%**	7,269,709.00	4%
Tianjin Huayuan Software Park Construction and Development Co., Ltd.	**6,461,963.00**	**3%**	6,461,963.00	3%
	201,936,346.00	**100%**	201,936,346.00	100%

12 CAPITAL RESERVES

	31 December 2016	Additions for the year	Decrease during the year	31 December 2017
Other capital reserves	**91,094.00**	**-**	**-**	**91,094.00**

Account payable not required to be paid.

13 SURPLUS RESERVES

	31 December 2016	Additions for the year	Decrease during the year	31 December 2017
Statutory reserve	**74,087.59**	**-**	**-**	**74,087.59**

Notes forming part of the Financial Statements

14 UNDISTRIBUTED DEFICIT

	2017	2016
Accumulated deficit at beginning of year	23,242,172.67	(59,681,721.83)
Current year net loss / (profits)	20,356,495.73	36,439,549.16
Accumulated deficit at end of year	43,598,668.40	(23,242,172.67)

15 SALES FROM PRINCIPAL ACTIVITIES

	2017	2016
Rendering of services	541,192,913.23	499,124,945.21

16 FINANCIAL EXPENSE / (NET PROFITS)

	2017	2016
Interest income	(488,390.35)	(661,061.14)
Foreign exchange net losses / (profits)	3,055,233.80	(1,065,296.48)
Other expenses	227,112.85	214,107.19
Total	2,793,956.30	(1,512,250.43)

17 SUBSIDY INCOME

	2017	2016
Subsidy for service outsourcing company	1,484,000.00	3,847,614.67
Value added tax subsidy	8,386,698.54	5,458,574.19
Subsidy for offshore business revenue	670,000.00	-
Total	10,540,698.54	9,306,188.86

18 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) Related parties where control exists

Name of parent company	Place of registration	Nature of business	Shareholding % in the entity	Voting % in the entity
TATA Consultancy Services Asia Pacific Pte Ltd.	Singapore	Software consultancy and development business management and consultancy	93.20%	93.20%

Registered capital and its change of related parties where control exists

	1 January 2017	Additions for the year	Decrease during the year	31 December 2017
TATA Consultancy Services Asia Pacific Pte Ltd	188,204,674.00	-	-	188,204,674.00

(2) Related parties where a control relationship does not exist:

	Relationships
Beijing Zhongguancun Software Park Development Co., Ltd.	Minority Shareholder
TCS Financial Solutions Beijing Co., Ltd.	Subsidiary of ultimate holding company
Tata consultancy Services Limited-Australia	Subsidiary of ultimate holding company
Tata Consultancy Services Asia Pacific Pte Ltd.	Subsidiary of ultimate holding company
Tata Consultancy Services Deutschland Gmbh	Subsidiary of ultimate holding company
Tata Consultancy Services France S.A.S	Subsidiary of ultimate holding company
Tata Consultancy Services Italia Srl	Subsidiary of ultimate holding company
Tata Consultancy Services Japan, Ltd.	Subsidiary of ultimate holding company
Tata Consultancy Services Switzerland Ltd.	Subsidiary of ultimate holding company
Tata America Internal Corporation	Subsidiary of ultimate holding company
Tata Consultancy Services Sverige AB	Subsidiary of ultimate holding company
TCS Canada Inc.	Subsidiary of ultimate holding company
Tata Consultancy Services Netherlands B.V.	Subsidiary of ultimate holding company
Tata consultancy Services Co., Ltd.	Subsidiary of ultimate holding company
TCS (Thailand) Limited	Subsidiary of ultimate holding company
Tata Consultancy Services Belgium N.V./S.A.	Subsidiary of ultimate holding company

(3) The amounts of the Company's related party transactions during the year:
Service received

Related party	2017	2016
TATA Consultancy Services Asia Pacific Pte Ltd.	**9,326,577.76**	17,520,311.62
Tata Consultancy Services Limited	**37,671,874.01**	5,279,494.41

Service provided

Related party	2017	2016
Tata America International Corporation	**73,296,255.75**	76,383,596.98
TATA Consultancy Services Asia Pacific Pte Ltd.	**15,176,779.32**	64,671,823.48
Tata Consultancy Services Limited	**133,236,119.31**	11,010,909.17
Tata Consultancy Services Deutschland GmbH	**7,931,361.54**	4,848,025.56
Tata Consultancy Services Belgium N.V./S.A.	**687,523.56**	-
TCS Canada Inc.	**97,105.58**	2,801,006.39
Tata Consultancy Services Japan, Ltd.	**3,967,687.00**	2,322,007.10
Tata Consultancy Services Switzerland Ltd.	**1,562,763.77**	1,519,577.12
TCS (Thailand) Limited	**1,319,344.74**	917,549.05
Tata Consultancy Services Sverige AB	**1,283,556.16**	700,205.20
Tata Consultancy Services Italia Srl	**64,878.00**	654,788.06
Tata Consultancy Services Netherlands B.V.	**3,370,458.65**	530,579.94
Tata Consultancy Services France S.A.S	**111,788.04**	249,787.72

Notes forming part of the Financial Statements

Lease payments

Related party	2017	2016
Beijing Zhongguancun Software Park Development Co., Ltd.	**1,078,155.28**	-

(4) Amounts due to/from related parties

(a) Accounts receivable

Related party	2017	2016
Tata Consultancy Services Limited	**36,875,428.21**	-
TATA Consultancy Services Asia Pacific Pte Ltd.	**13,806,305.12**	51,699,203.35
Tata America International Corporation	**7,574,470.33**	6,392,674.13
TCS Canada Inc.	**-**	3,050,202.75
Tata Consultancy Services Deutschland GmbH	**2,498,659.26**	960,477.58
TCS (Thailand) Limited	**20,096.82**	326,569.63
Tata Consultancy Services Japan, Ltd.	**2,433,286.02**	306,072.44
Tata Consultancy Services Netherlands B.V.	**1,433,545.92**	252,413.01
Tata Consultancy Services Belgium N.V./S.A.	**282,529.16**	-
Tata Consultancy Services Switzerland Ltd.	**142,154.94**	219,761.57
Tata Consultancy Services Sverige AB	**33,984.87**	191,507.95
Tata Consultancy Services Italia srl	**-**	74,905.30
Tata Consultancy Services France S.A.S	**-**	32,657.43
Total	**65,100,460.65**	63,506,445.14

(b) Accounts payable

Related party	2017	2016
TATA Consultancy Services Asia Pacific Pte Ltd.	**20,407,759.45**	18,958,191.47
Tata Consultancy Services Limited	**28,998,238.00**	6,594,249.14
Tata America International Corporation	**250,032.79**	2,615,441.61
Tata Consultancy Services Limited- Australia	**126,851.49**	131,704.32
Total	**49,782,881.73**	28,299,586.54

(c) Other receivables

Related parties	2017	2016
TCS Financial Solutions Beijing Co., Ltd.	**126,673.88**	-
Beijing Zhongguancun Software Park Development Co Ltd.	**-**	200,862.01
Total	**126,673.88**	200,862.01

(d) Advances from Related parties

Related party	2017	2016
TATA Consultancy Services Asia Pacific Pte Ltd.	**-**	1,072,728.00
Total	**-**	1,072,728.00

19 COMMITMENTS

As of 31 December 2017, the future minimum lease payments under non-cancellable operating leases in respect of the leasing of properties were payable as follows:

	2017	2016
Within one year	**15,090,316.48**	13,009,496.34
In the second year	**12,565,585.01**	2,038,477.68
In the third year	**6,271,569.60**	884,488.44
Total	**33,927,471.09**	15,932,462.46

20 COMPARATIVE FIGURES

The comparative figures of 2016 represent figures for the year from 1 January 2016 to 31 December 2016. Certain items in these comparative figures have been reclassified to conform with the current year's presentation to facilitate comparison.

TATA CONSULTANCY SERVICES (THAILAND) LIMITED

ANNUAL FINANCIAL STATEMENTS

For the year ended
31 March 2018

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF
TATA CONSULTANCY SERVICES (THAILAND) LIMITED**

Opinion

I have audited the financial statements of Tata Consultancy Services (Thailand) Limited (the "Company"), which comprise the statement of financial position as at 31 March 2018, 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 2018 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 my 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 my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matter

The financial statements of the Company for the year ended 31 March 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 27 April 2017.

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 my 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.

(Vilaivan Pholprasert)

Certified Public Accountant

Registration No. 8420

KPMG Phoomchai Audit Ltd.

Bangkok

9th May 2018

Statements of Financial Position as at 31 March, 2018

(Unit :Baht)

	Note	2018	2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**66,088,178**	37,847,098
Trade accounts receivable	5	**42,728,505**	30,849,769
Unbilled contract work in progress		**4,012,322**	27,558,587
Other receivables		**446,358**	119,551
Other current assets		**248,861**	317,731
Total current assets		**113,524,254**	96,692,736
NON-CURRENT ASSETS			
Equipment	6	**783,842**	312,040
Refundable deposits		**184,320**	184,320
Total non-current assets		**968,162**	496,360
TOTAL ASSETS		**114,492,416**	97,189,096
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade Accounts Payable from related parties		**6,236,057**	7,744,346
Excess of progress billings over contract work in progress		**2,550,051**	12,046
Other payables	7	**9,425,615**	18,600,754
Total current liabilities		**18,211,723**	26,357,146
NON-CURRENT LIABILITY			
TOTAL LIABILITIES		**18,211,723**	26,357,146
Equity			
Share capital			
Authorized share capital	8	**8,000,000**	8,000,000
Issued and paid-up share capital		**8,000,000**	8,000,000
Retained earnings			
Appropriated to legal reserve	9	**800,000**	800,000
Unappropriated		**87,480,693**	62,031,950
Total equity		**96,280,693**	70,831,950
TOTAL LIABILITIES AND EQUITY		**114,492,416**	97,189,096

Statements of Income for the year ended 31 March 2018

(Unit :Baht)

	Note	2018	2017
INCOME			
Revenue from rendering of services	14	**186,685,316**	150,950,005
TOTAL INCOME		**186,685,316**	150,950,005
EXPENSES			
Cost of sales and rendering of services		**123,128,296**	99,501,674
Selling expenses	10	**340,996**	1,493,237
Administrative expenses	11	**30,098,994**	31,739,394
Net foreign exchange loss		**1,178,552**	295,165
TOTAL EXPENSES		**154,746,838**	133,029,470
PROFIT BEFORE INCOME TAX EXPENSE		**31,938,478**	17,920,535
Income tax expense	13	**6,489,735**	1,120,565
PROFIT FOR THE YEAR		**25,448,743**	16,799,970
Basic earnings per share (in Baht)	15	**31.81**	21.00

Statement of changes in equity

		Retained earnings		
	paid-up sharecapital	Appropriated tolegal reserve	Unappropriated	Totalequity
Year ended 31 March 2017				
Balance at 1 April 2016	**8,000,000**	**800,000**	**45,231,980**	**54,031,980**
Profit for the year	-	-	16,799,970	16,799,970
Balance at 31 March 2017	**8,000,000**	**800,000**	**62,031,950**	**70,831,950**
Year ended 31 March 2018				
Balance at 1 April 2017	**8,000,000**	**800,000**	**62,031,950**	**70,831,950**
Profit for the year	-	-	25,448,743	25,448,743
Balance at 31 March 2018	**8,000,000**	**800,000**	**87,480,693**	**96,280,693**

Notes to the Financial Statements for the year ended 31 March 2018

Notes to the Financial Statements

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 directors on 09-May-2018.

1. GENERAL INFORMATION

Tata Consultancy Services (Thailand) Limited, the "Company", is incorporated in Thailand on 12 May 2013 and has its registered office at 32/46 Sino-Thai Tower, 18th Floor, Sukhumvit 21 Road (Asoke), Klongtoey-Nue, Wattana, Bangkok.

The immediate, Penultimate and ultimate parent companies during the financial year were Tata Consultancy Services Asia Pacific Pte. Limited, which was incorporated in Singapore, Tata Consultancy Services Limited, which was incorporated in India and Tata Sons Limited, which was incorporated in India, respectively.

The principal activities of the Company are IT consulting, software solutions and IT outsourcing services.

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); and guidelines promulgated by the Federation of Accounting Professions (FAP).

In addition, the Company has complied with Thai Financial Reporting Standards for Publicly Accountable Entities as follows:

TFRS	Topic
TAS 33 (revised 2016)	Earnings per share

The FAP has issued a number of revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018, and have not been adopted in the preparation of these financial statements. Those revised TFRS that are relevant to the Company's operations are as follows:

TFRS	Topic
TAS 33 (revised 2017)	Earnings per share

Management has made a preliminary assessment of the potential initial impact on the Company's financial statements of these revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

The financial statements are prepared and presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. 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 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 estimates.

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

(a) 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 foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Notes to the Financial Statements

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(c) Trade and other accounts receivable

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

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Bad debts recovered are recognized in other income in the statement of income.

(d) Contract work in progress

Unbilled contracts work in progress represents the gross unbilled amount expected to be collected from customers. Unbilled contract work in progress measured at cost of contract work plus profit recognised to date (see note 3(i)) less progress billings and recognised losses. Cost of contract work includes all expenditure related directly to specific contracts.

Revenue from rendering of services that is recognised for which contract billings are undue is presented as "Unbilled contract work in progress" under current assets in the statement of financial position. If progress billings exceed recognised revenue, then the difference is presented as "excess of progress billings over contract work in progress" under current liabilities in the statement of financial position.

(e) Equipment

Owned assets

Equipments are stated at cost less accumulated depreciation and losses on decline in value.

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 capitalized as part of that equipment

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

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognized net within statement of income.

Subsequent costs

The cost of replacing a part of an item of equipment is recognized 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 derecognized. The costs of the day-to-day servicing of equipment are recognized in 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 equipment. The estimated useful lives are as follows:

Furniture, fixtures and office equipment	4 - 5 years

(f) 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 of an asset exceeds its recoverable amount. A loss on decline in value is recognised in the statement of income.

(g) Other payables

Other payables are stated at cost.

(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 the obligation. Provisions are determined by the best estimate method.

Employee benefits

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

(i) Revenue

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

Services rendered

Service income is recognised as services are provided.

Revenue from consultancy service are provided either on a time and material basis, or on a fixed fee basis. Revenue from time-and-material based contracts is recognised as service are provided. Revenue from fixed-fee projects is recognised by reference to the stage of completion of the transaction at the statement of financial position date determined by costs incurred to date as a percentage of total estimated project costs. Losses on consulting services are recognised during the period in which the loss becomes probable and the amount of loss can be reasonable estimated. Losses are determined to be the amount by which the estimated costs of the project exceed the estimated total revenue that will be generated for the work.

(j) Expenses

Leases payments

Payments made under operating leases are recognized in the statement of income on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(k) Income tax

Income tax in the statement of income for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

In determining the amount of current 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.

(l) Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4. CASH AND CASH EQUIVALENTS

(Unit : in thousand Baht)

	2018	2017
Cash on hand	**8**	1
Cash at banks - current accounts	**66,080**	37,846
Total	**66,088**	37,847

Notes to the Financial Statements

5. TRADE ACCOUNTS RECEIVABLE

(Unit : in thousand Baht)

	2018	2017
Related parties	**7,244**	1,825
Other parties	**35,641**	30,120
Total	**42,885**	31,945
Less allowance for doubtful accounts	**(156)**	(1,095)
Net	**42,729**	30,850
Bad and doubtful debts expense for the year	**(887)**	(2,913)

The normal credit term granted by the Company ranges from 30 days to 60 days.

6. EQUIPMENT

(Unit :i n thousand Baht)

	Furniture, fixture and office equipment
Cost	
At 1 April 2016	**1,965**
At 31 March 2017 and 1 April 2017	**1,965**
Additions	**863**
At 31 March 2018	**2,828**
Depreciation	
At 1 April 2016	**1,383**
Depreciation charge for the year	**270**
At 31 March 2017 and 1 April 2017	**1,653**
Depreciation charge for the year	**391**
At 31 March 2018	**2,044**
Net book value	
At 31 March 2017	**312**
At 31 March 2018	**784**

The gross carrying amounts of the Company's fully depreciated equipment that was still in use at 31 March 2018 amounted to Baht 1.5 million (2017: Baht 0.9 million).

7. OTHER PAYABLES

(Unit : in thousand Baht)

	2018	2017
Other payables - related parties	**2,202**	1,309
Provision for accumulated leave	**2,473**	1,720
Accrued bonus	**2,461**	742
Accrued operating expenses	**1,797**	13,829
Others	**493**	1,001
Total	**9,426**	18,601

Notes to the Financial Statements

8. SHARE CAPITAL

	Par value per share (in Baht)	2018		2017	
		Number	**Amount**	Number	Amount
		(thousand shares / thousand Baht)			
Authorised					
At 1 April					
- ordinary shares	10	**800**	**8,000**	800	8,000
At 31 March					
- ordinary shares	10	**800**	**8,000**	800	8,000
Issued and paid-up					
At 1 April					
- ordinary shares	10	**800**	**8,000**	800	8,000
At 31 March					
- ordinary shares	10	**800**	**8,000**	800	8,000

9. LEGAL RESERVE

Legal reserve is set up under the provision of the Civil and Commercial Code, which requires that a company shall allocate not less than 5% of its net profit to a reserve account ("legal reserve") upon each dividend distribution, until the balance reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

10. SELLING EXPENSES

(Unit : in thousand Baht)

	2018	2017
Entertainment expenses	**322**	993
Others	**19**	500
Total	**341**	1,493

11. ADMINISTRATIVE EXPENSES

(Unit : in thousand Baht)

	2018	2017
Employee benefit expenses	**16,227**	20,537
Travelling expenses	**2,357**	3,075
Recruitment expenses	**1,504**	423
Professional fees	**1,357**	1,237
Facility expenses	**876**	926
Communication expenses	**672**	802
Depreciation expenses	**381**	260
Bad and doubtful debts	**(887)**	(2,913)
Others	**7,612**	7,392
Total	**30,099**	31,739

Notes to the Financial Statements

12. EMPLOYEE BENEFIT EXPENSES

(Unit : in thousand Baht)

	2018	2017
Salaries, Bonus and overtime	**85,870**	65,141
Contribution to defined contribution plan	**824**	597
Others	**3,565**	2,306
Total	**90,259**	68,044

The define contribution plan comprises a provident fund established by the Company for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates 5% of their basic salaries and by the Company at rates 5% of the employee's basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by a licensed Fund Manager.

13. INCOME TAX EXPENSE

The current tax expense in the statement of income for the year ended 31 March 2017 were less than the amount determined by applying the Thai corporation tax rate to the accounting profit principally because a substantial portion of the profit was not subject to tax since it derived from promoted activities.

14. PROMOTIONAL PRIVILEGES

By virtue of the provisions of the Industrial Investment Promotional Act of B.E. 2520, the Company has been granted privileges No. 1793(7)/2008 by the Board of Investment relating to supporting of software business. The privileges granted include:

a) exemption from payment of import duty on machinery approved by the Board of Investment;

b) exemption from payment of income tax for certain operation for a period of eight years from the date on which the income is first derived from such operation; and

c) Exemption from income tax on dividend paid to the shareholders from the profit of the promoted operation during the corporate income tax exemption period.

As a promoted company, the Company must comply with the certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses for the year ended 31 March 2018 and 2017 were as follows:

(Unit : in thousand Baht)

	2018			2017		
	Promoted business	**Non-promoted business**	**Total**	Promoted business	Non-promoted business	Total
Domestic	**-**	**184,601**	**184,601**	82,087	51,784	133,871
Overseas	**-**	**2,084**	**2,084**	11,218	5,861	17,079
Total	**-**	**186,685**	**186,685**	93,305	57,645	150,950

15. BASIC EARNINGS PER SHARE

The calculations of basic earnings per share for the years ended 31 March 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

Notes to the Financial Statements

(Unit : in thousand Baht)

	2018	2017
Profit attributable to ordinary shareholders of the Company (basic)	**25,449**	16,800
Number of ordinary shares outstanding (in thousand shares)	**800**	800
Basic earnings per share (in Baht)	**31.81**	21.00

16. COMMITMENTS

(Unit : in thousand Baht)

	2018	2017
Future minimum lease payments under non-cancellable operating Leases		
Within one year	**307**	553
After one year but within five years	**-**	307
Total	**307**	860

As at 31 March 2018, the Company had operating lease agreements covering its office premises and service for the periods 3 years expiring on various dates up to August 2018.

17 RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2017 financial statements have been reclassified to conform to the presentation in the 2018 financial statements as follows:

	2017		
	Before Reclassification	**Reclassification**	**After Reclassification**
Statement of financial position			
Trade and other receivables	56,703	(56,703)	-
Trade and other receivables - related parties	1,825	(1,825)	-
Trade accounts receivable	-	30,850	30,850
Unbilled contract work in progress	-	27,559	27,559
Other receivables	-	119	119
Trade accounts payables from related parties	-	7,744	7,744
Excess of progress billings over contract work in progress	-	12	12
Other payables	15,292	3,309	18,601
Other payables - related parties	7,744	(7,744)	-
Other current liabilities	3,321	(3,321)	-
Total		**-**	

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

PT TATA CONSULTANCY SERVICES INDONESIA

ANNUAL FINANCIAL STATEMENTS

For the year ended
31 March 2018

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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DIRECTOR'S STATEMENT OF RESPONSIBILITY

THE DIRECTOR'S STATEMENT OF RESPONSIBILITY
FOR THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2018
PT TATA CONSULTANCY SERVICES INDONESIA ("THE COMPANY")

I, the undersigned:

Name	: Bhavin Zaveri
Office Address	: Menara Prima Lantai 16 Unit F, Jl. DR Ide Anak Agung Gde Agung Blok 6.2, Kuningan Timur, Setiabudi, Jakarta Selatan 12950
Office Telephone	: 021 57947951
Function	: Director

declare that:

1. I am responsible for the preparation and presentation of the financial statements of the Company;

2. The financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;

3. a. The disclosures I have made in the financial statements are complete and accurate;

b. The financial statements do not contain misleading information, and I have not omitted any information or facts that would be material to the financial statements;

4. I am responsible for the internal control;

5. I am responsible for the compliance with laws and regulations.

This statement is made truthfully.

Jakarta, 11 May 2018

(signature)

(Stamp duty)

Bhavin Zaveri
Director

INDEPENDENT AUDITORS' REPORT

NO.:L.18-1000797984-18/V.11.001
THE SHAREHOLDERS,
BOARD OF COMMISSIONERS AND BOARD OF DIRECTOR
PT TATA CONSULTANCY SERVICES INDONESIA

We have audited the accompanying financial statements of PT Tata Consultancy Services Indonesia, which comprise the statement of financial position as of 3 l March 2018, the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Other matters

The financial statements of PT Tata Consultancy Services Indonesia as at and for the year ended 31 March 2017 were audited by other auditors who expressed an unmodified opinion on those statements on 27 April 2017.

Siddharta Widjaja & Rekan
Registered Public Accountants

Elisabeth Imelda, S.E., M.Ak., CPA
Public Accountant License No. AP. 0849

Jakarta, 11 May 2018

STATEMENT OF FINANCIAL POSITION

In millions of Rupiah

	Notes	31 March, 2018	31 March, 2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**33,665**	48,936
Trade and other receivables, net	5	**45,921**	38,326
Prepayments and advances		**1,422**	1,529
TOTAL CURRENT ASSETS		**81,008**	88,791
NON-CURRENT ASSETS			
Fixed assets, net	6	**228**	235
Claims for tax refund	13	**7,313**	6,577
Deferred tax assets, net	13	**-**	2,656
Refundable deposits		**196**	192
TOTAL NON-CURRENT ASSETS		**7,737**	9,660
TOTAL ASSETS		**88,745**	98,451
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	7	**15,091**	14,805
Unearned revenue		**3,161**	4,787
Income tax payable	13	**703**	2,244
Other taxes payable		**631**	1,589
Accrued expenses	8	**4,891**	13,045
Short-term employee benefits		**608**	584
TOTAL CURRENT LIABILITIES		**25,085**	37,054
NON-CURRENT LIABILITIES			
Deferred tax liabilities/ TOTAL NON-CURRENT LIABILITY	13	**414**	-
TOTAL LIABILITIES		**25,499**	37,054
EQUITY			
Share capital	9	**1,003**	1,003
Retained earnings		**62,243**	60,394
TOTAL EQUITY		**63,246**	61,397
TOTAL LIABILITIES AND EQUITY		**88,745**	98,451

See Notes to the Financial Statements, which form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE

In millions of Rupiah

	Notes	2018	2017
Revenue	10	**141,162**	135,812)
Cost of revenue	11	**(81,983)**	(74,623)
GROSS PROFIT		**59,179**	61,189)
Other income, net		**14**	30
General and administrative expenses	12	**(17,509)**	(19,166)
Currency exchange loss, net		**(550)**	(607)
OPERATING PROFIT		**41,134**	41,446)
Finance income		**1,428**	1,538)
PROFIT BEFORE TAX		**42,562**	42,984
Income tax expense	13	**(12,713)**	(10,589)
PROFIT		**29,849**	32,395
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME		**29,849**	32,395)

See Notes to the Financial Statements, which form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

In millions of Rupiah

	Notes	Share capital	Retained earnings		Total equity
			Unappropriated	Appropriated	
Balance as of 31 March 2016		1,003	61,798	201	63,002
Comprehensive income - 2016					
Profit		-	32,395	-	32,395
Other comprehensive income		-	-	-	-
Distributions to shareholders- cash dividends	14	-	(34,000)	-	(34,000)
Balance as of 31 March 2017		1,003	60,193	201	61,397
Comprehensive income - 2017					
Profit		**-**	**29,849**		**29,849**
Other comprehensive income		**-**	**-**	**-**	**-**
Distributions to shareholders - cash dividends	14	**-**	**(28,000)**	**-**	**(28,000)**
Balance as of 31 March 2018		**1,003**	**62,042**	**201**	**63,246**

See Notes to the Financial Statements, which form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH

In millions of Rupiah

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit		**29,849**	32,395
Adjustments for:			
Depreciation	6	**94**	92
Loss on impairment of trade receivable		**-**	286
Foreign exchange gain, net		**(5)**	(291)
Finance income		**(1,428)**	(1,538)
Income tax expense	13	**12,713**	10,589
Changes in:			
Trade and other receivables		**(7,595)**	3,360
Prepaid value added tax		**-**	-
Prepayments and advances		**107**	99
Refundable deposits		**(4)**	1
Claims for tax refund		**(736)**	-
Trade and other payables		**286**	5,146
Accrued expenses		**(8,154)**	8,402
Unearned revenue		**(1,626)**	(2,805)
Other taxes payable		**(958)**	233
Short-term employee benefits		**24**	131
Interest received		**1,428**	1,538
Income tax paid		**(11,184)**	(10,791)
Net cash from operating activities		**12,811**	46,847
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of fixed assets	6	**(87)**	(202)
Net cash used in investing activities		**(87)**	(202)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends paid	14	**(28,000)**	(34,000)
Net cash used in financing activities		**(28,000)**	(34,000)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(15,276)**	12,645
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4	**48,936**	36,287
Effect of currency exchange fluctuations on cash and cash equivalents held		**5**	4
CASH AND CASH EQUIVALENTS, END OF YEAR	4	**33,665**	48,936

See Notes to the Financial Statements, which form an integral part of these financial statements.

Notes forming part of Financial Statements

1. GENERAL

a. PT Tata Consultancy Services Indonesia (the "Company") was established in the Republic of Indonesia based on Notarial Deed No. 7 of Benardo Nasution, SH. The Company's Articles of Association were approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in its Decision Letter No. C-24480 HT.01.01.TH 2006 dated 12 April 2006. The latest amendment of the Company's Articles of Association was based on Notarial Deed No. 4 dated 9 June 2015 of Recky Francky Limpele, SH. Notary in Jakarta to comply with Law No. 40 Year 2007 regarding Limited – Liability Company..

The Company's office is located at Gedung Menara Prima Lantai 16, Jl. Lingkar Mega Kuningan Blok 6 No. 2, Kuningan Timur, Setiabudi, Jakarta 12950.

b. The Company is engaged in the Information Technology (IT) services, consulting and business solutions.

c. The Company's parent Company is Tata Consultancy Services Asia Pacific Pte. Ltd., intermediate parent is Tata Consultancy Services Limited and its ultimate parent is Tata Sons Limited.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK").

b. The Company's directors approved the financial statements for issuance on 11 May 2018

c. Basis of measurement

The financial statements are 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 financial statements are presented in Rupiah, rounded to the nearest million, which is the Company's functional currency.

e. 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 the estimated amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about the assumptions and estimation uncertainties that may result in a material adjustment within the following year is included in the following notes:

- Note 5 – recognition and measurement of provision for impairment of receivables; key assumptions underlying the recoverable amounts;
- Note 6 – fixed assets useful lives estimation; and
- Note 13 – recognition of deferred tax assets: availability of future taxable profit to enable the Company to recognize deferred tax assets.

A number of accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data to the extent possible. Fair values are determined using the following hierarchy of inputs used in the valuation techniques for assets and liabilities:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 : inputs, other than quoted prices included in Level 1, that are observable, either directly (i.e. price) or indirectly (i.e. derived from other observable price).
- Level 3 : inputs that are not based on observable market date (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are dawn from a mixture of different level sources of the fair value hierarchy, then the fair value measurement for the entire class of the asset or liability is considered to have been done using the lowest level input that is significant to the entire measurement (Level 3 being the lowest).

f. Changes in accounting policies

The following standards, amendments and interpretations became effective on 1 January 2017 and are relevant to the Company's financial statements:

- PSAK 1 (2015 Amendment), "Disclosure Initiatives in Presentation of Financial Statements";
- PSAK 60 (2016 Annual Improvement), "Financial Instruments: Disclosures".
- PSAK 2 (An 2016 Amendment), "Disclosure Initiatives in Statement of Cash Flows";
- PSAK 46, (2016 Amendment), "Recognition of Deferred Tax Assets for Unrealized Losses".

The Company has assessed that the adoption of the above mentioned accounting standards and interpretations, did not have a significant impact to the financial statements.

Standards, amendments and interpretation issued but not yet effective

Certain new/revised accounting standards and interpretations have been issued that are not yet effective for the year ended 31 March 2018, and have not been applied in preparing the financial statements, but may be relevant to the Company.

Effective starting on or after 1 January 2020

- PSAK 71, "Financial Instruments";
- PSAK 72, "Revenue from Contracts with Customers";
- PSAK 73, "Leases".

As of the issuance of these financial statements, management has not determined the extent of the retrospective impact, if any, that the future adoption of these standards will have on the Company's financial position and operating results.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Cash equivalents

Short-term time deposits with original maturities of three months or less are considered as cash equivalents.

d. Fixed assets

Fixed assets are measured using the cost model, i.e. initially measured at cost and subsequently carried net of accumulated depreciation and accumulated impairment losses. Depreciation is applied using the straight-line method over the estimated useful lives of the assets as follows:

Computers	:	4 years
Installations	:	2 years
Office equipment	:	5 - 10 years
Machinery and equipment	:	5 - 10 years
Furniture and fixtures	:	5 - 10 years
Leasehold improvement	:	Lease period

Notes forming part of Financial Statements

c. Impairment of non-financial assets

The carrying amounts of the Company's non-financial 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 recognized if the carrying amount of a cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets. Impairment losses are recognized in profit or loss.

The recoverable amount of a cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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.

Impairment losses recognized 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 or amortization, if no impairment loss had been recognized.

d. Provisions

A provisions 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. Provision are determined by discounting the expected future cash flows, at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, unless the effects of discounting are insignificant.

e. Financial instruments

The Company's financial assets comprise cash and cash equivalents, trade and other receivables, refundable deposits and certain other non-current assets, which are categorized as "Loans and receivables". Financial liabilities consist of trade and other payables, accrued expenses, and short-term employee benefits, which are categorized as "Financial liabilities measured at amortized cost".

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.

Trade and other payables, accrued expenses, and short-term employee benefits 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 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 on a net basis, or when the asset is realized and the liability settled simultaneously.

f. Revenue recognition

Revenue is measures at the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities.

Revenue from consultancy services which rendered to customers are recognized when the deliverables have been satisfactorily delivered to and accepted by customers.

Revenue from services not yet involves are initially recorded as unbilled revenue. Unearned revenue represents the excess of billings over revenue from services.

g. Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency (Rupiah) at the rates exchange prevailing at transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at the reporting date. Foreign currency gains or losses on monetary items are comprised of the difference between amortized cost measured in the functional currency at the beginning of the period as adjusted for effective interest and payments during the period, and the amortized cost measured in foreign currency translated at the exchange rate at reporting date.

Non-monetary assets and liabilities denominated in a foreign currency that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency gains and losses on retranslation of monetary assets and liabilities that arise from operating activities are generally recognized in profit or loss.

h. Finance income and finance costs

Finance income comprises interest income on funds invested.

Foreign exchange gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements amount to a net gain or a net loss.

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 as of 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 at 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 profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and any additional taxes and penalties.

Notes forming part of Financial Statements

4. CASH AND CASH EQUIVALENTS

In millions of Rupiah

	2018	2017
Cash on hand	**3**	21
Cash in banks	**13,662**	16,915
Short-term time deposits	**20,000**	32,000
Cash and cash equivalent	**33,665**	48,936

5. TRADE AND OTHER RECEIVABLES, NET

In millions of Rupiah

	2018	2017
Receivables resulting from revenue generation activities consist of:		
Trade and unbilled receivables	**44,137**	37,834
Trade receivables from related parties	**3,978**	2,216
Other receivables	**2,416**	4,120
	50,531	44,170
Less: provision for impairment	**(4,610)**	(5,844)
	45,921	38,326

6. FIXED ASSETS

In millions of Rupiah

	2018			
	Beginning balance	**Additions**	**Disposals and reclassifications**	**Ending balance**
Cost:				
Computers	**815**	**76**	**-**	**891**
Installations	**4**	**-**	**-**	**4**
Office equipment	**55**	**11**	**-**	**66**
Machinery and equipment	**5**	**-**	**-**	**5**
Furniture and fixtures	**450**	**-**	**-**	**450**
Leasehold improvement	**270**	**-**	**-**	**270**
	1,599	**87**	**-**	**1,686**
Accumulated depreciation:				
Computers	**(595)**	**(80)**	**-**	**(675)**
Installations	**(3)**	**-**	**-**	**(3)**
Office equipment	**(51)**	**(5)**	**-**	**(56)**
Machinery and equipment	**(5)**	**-**	**-**	**(5)**
Furniture and fixtures	**(440)**	**(9)**	**-**	**(449)**
Leasehold improvement	**(270)**	**-**	**-**	**(270)**
	(1,364)	**(94)**	**-**	**(1,458)**
Carrying amount	**235**			**228**

	2017			
	Beginning balance	Additions	Disposals and reclassifications	Ending balance
Cost:				
Computers	613	202	-	815
Installations	4	-	-	4
Office equipment	55	-	-	55
Machinery and equipment	5	-	-	5
Furniture and fixtures	450	-	-	450
Leasehold improvement	270	-	-	270
	1,397	202)	-	1,599
Accumulated depreciation:				
Computers	(517)	(78)	-	(595)
Installations	(2)	(1)	-	(3)
Office equipment	(47)	(4)	-	(51)
Machinery and equipment	(5)	-	-	(5)
Furniture and fixtures	(431)	(9)	-	(440)
Leasehold improvement	(270)	-	-	(270)
	(1,272)	(92)	-	(1,364)
Carrying amount	125			235

As of 31 March 2018, management has reviewed the estimated useful lives of fixed assets and has found them to be appropriate. The useful lives are based on the estimated period over which future economic benefits will be received by the Company, taking into account any unexpected adverse changes in circumstances or events.

7. TRADE AND OTHER PAYABLES

In millions of Rupiah

	2018	2017
Payables arising from purchases of products and services consist of the following:		
Trade payables	**232**	3,701
Trade payables to related parties	**7,681**	9,114
	7,913	12,815
Other payables	**7,178**	1,990
	15,091	14,805

8. ACCRUED EXPENSES

In millions of Rupiah

	2018	2017
Purchase provisions:		
Third parties	**1,917**	9,941
Related party	**1,979**	2,441
Provision bonus	**995**	663
	4,891	13,045

Notes forming part of Financial Statements

9. SHARE CAPITAL AND APPROPRIATED RETAINED EARNINGS

The Company's authorized, issued, and paid-up share capital amounted to Rp 2,507,500,000 (250 shares at nominal value of Rp 10,030,000 or USD 1,000 per share). The Company's shareholding as of 31 March 2018 and 2017 was as follows:

Shareholders	Number of shares	Nominal value		%
		In millions of Rupiah	USD	
Tata Consultancy Services Asia Pacific Pte. Ltd	99	993	99,000	99%
Tata Consultancy Services Indonesia Malaysia Sdn. Bhd.	1	10	1,000	1%
	100	1,003	100,000	100%

Based on the General Shareholders' Meeting, the Company established a statutory reserve of 20% of the issued and paid up share capital amounting to Rp 201 million in accordance with the Indonesian Limited Liability Company Law.

10. REVENUE

In millions of Rupiah

	2018	2017
Consultancy services	**140,650**	133,763
Equipment and software	**512**	2,049
	141,162	135,812

11. COST OF REVENUE

In millions of Rupiah	2018	2017
Project	**47,136**	31,528
Employee costs	**32,127**	28,300
Travel	**2,017**	2,894
Communication	**359**	418
Professional fees	**308**	4,603
Deprecation (Note 6)	**36**	34
Equipment and software	**-**	6,846
	81,983	74,623

12. GENERAL AND ADMINISTRATIVE EXPENSES

In millions of Rupiah

	2018	2017
Employee costs	**12,208**	15,352
Travel	**1,327**	1,179
Facility	**898**	954
Professional fees	**403**	718
Marketing and sales promotion	**347**	407
Communication	**134**	166
Depreciation (Note 6)	**58**	58
Miscellaneous	**2,134**	332
	17,509	19,166

Notes forming part of Financial Statements

13. INCOME TAX

a. Claims for tax refund consist of:

In millions of Rupiah

	2018	2017
Corporate income tax overpayment fiscal year 2013	**6,577**	6,577
Corporate income tax overpayment fiscal year 2017	**736**	-
	7,313	6,577

On 14 July 2015, the Indonesian Tax Authorities (Direktorat Jendral Pajak, Kantor Pelayanan Pajak Penanaman Modal Asing Dua) issued income tax assessment letter for the fiscal year 2013 No. 00011/206/13/058/15 stating that the Company had an underpayment amounting to Rp 4,217,589,955. The Company paid the tax underpayment in October 2015. On 11 October 2016, the Indonesian Tax Authorities rejected the Company's objection letter with decision letter No. KEP-0512/KEB/WPJ.07/2016 and decided that the tax underpayment is remain the same. In response to such decision letter, the Company submitted an appeal letter on 9 January 2017, and as of the date of issuance of financial statement, there is no decision yet from the Tax Court.

Management of the Company believes very strongly that the assessments are without merit and that they will ultimately be successful in having the assessments overturned through objection and/or appeal. These payments have been classified as a non-current assets in the financial statements, considering the uncertainty over the amount of time that it will take to resolve this matter.

b. Income tax payable consist of:

In millions of Rupiah

	2018	2017
Corporate income tax	**-**	1,627
Income tax installments, article 25	**703**	617
	703	2,244

c. The components of income tax recognized in profit or loss are as follows:

In millions of Rupiah

	2018	2017
Current tax expense:		
Current year	**9,643**	12,079
Deferred tax expense:		
Origination and reversal of temporary differences	**3,070**	(1,490)
	12,713	10,589

d. Income tax expense is reconciled with profit before income tax as follows:

In millions of Rupiah

	2018	2017
Profit before income tax	**42,562**	42,984
Statutory tax rate	**25%**	25%
	10,641	10,746
Non deductible expenses	**2,072**	(157)
Income tax expense	**12,713**	10,589

Notes forming part of Financial Statements

e. Recognized deferred tax balances and the movement thereof during the year were comprised of the following:

In millions of Rupiah

	2017	**Recognized in profit or loss**	**Recognized in other comprehensive income**	**2018**
Deferred tax assets (liabilities):				
Provision for impairment of trade receivables	**1,461**	**(309)**	**-**	**1,152**
Accrued expenses	**1,284**	**(2,756)**	**-**	**(1,472)**
Fixed asset	**(89)**	**(5)**	**-**	**(94)**
Deferred tax liablities, net	**2,656**	**(3,070)**	**-**	**(414)**

In millions of Rupiah

	2016	Recognized in profit or loss	Recognized in other comprehensive income	2017
Deferred tax assets (liabilities):				
Provision for impairment of trade receivables	1,112	349	-	1,461
Accrued expenses	123	1,161	-	1,284
Fixed asset	(69)	(20)	-	(89)
Deferred tax assets, net	1,166	1,490	-	2,656

f. 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. Management vigorously defends the Company's tax positions which are believed to be grounded on sound technical basis, in compliance with the tax regulations. Accordingly, management believes that the accruals for tax liabilities are adequate for all open tax years based on the assessment of various factors, including interpretations of tax law and prior experience. 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 regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such determination is made.

14. DISTRIBUTIONS TO SHARE HOLDERS

At the annual general shareholders' meeting on 17 November 2017, the shareholders declared cash dividends of Rp 28,000 million (Rp 1,000 per share).

At the annual general shareholders' meeting on 28 November 2016, the shareholders declared cash dividends of Rp 34,000 million (Rp 1,000 per share).

Notes forming part of Financial Statements

15. RELATED PARTY INFORMATION

The Company is ultimately controlled by Tata Sons Limited.
The following transactions were carried out with related parties:

(a) Sales of goods and services

In millions of Rupiah

	2018	2017
Goods and services sold to:		
Intermediate parent	**789**	-
Parent	**-**	34
Entities under common control	**4,374**	3,769
	5,163	3,803

(b) Purchases of services

In millions of Rupiah

	2018	2017
Goods purchased from:		
The ultimate parent	**-**	330
Intermediate parent	**59,316**	46,495
Parent	**785**	1,009
Entities under common control	**121**	6,846
	60,222	54,680

(c) Key management compensation

Key management includes directors and commissioners. The following reflects compensation paid or payable to key management individuals for services rendered in their capacity as employees:

In millions of Rupiah

	2018	2017
Salaries and other short-term benefits	**1,827**	1,414

(d) Year-end balances arising from sales and purchases of goods and services

In millions of Rupiah

	2018	2017
Receivables from related parties (Note 5):		
Intermediate parent	**1,047**	487
Entities under common control	**2,931**	1,729
	3,978	2,216
Payables to related parties (Note 7):		
Intermediate parent	**6,283**	6,864
Parent	**968**	2,247
Entities under common control	**430**	3
	7,681	9,114
Accrued expenses to related parties (Note 8):		
The ultimate parent	**347**	-
Intermediate parent	**1,632**	2,441
	1,979	2,441

Notes forming part of Financial Statements

16. FINANCIAL 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 risks arising from the Company's financial instruments are credit risk, liquidity risk and currency risk.

Credit risk

The Company's credit risk mainly arises from risk of loss if customers fail to discharge their contractual obligations. The Company manages and controls the credit risk of receivables by assessing and monitoring the collection of receivables on an going basis to ensure that the Company's exposure to credit risk in not significant.

To avoid concentration of risk of loss that might result from bank failures, cash in banks and cash equivalents are deposited at multiple financial institutions of good standing.

The ultimate amount of exposure to credit risk of financial assets is equal to their carrying amounts, as follows:

In millions of Rupiah

	31 March 2018	31 March 2017
Cash in banks and cash equivalents	**33,662**	48,915
Trade and other receivables	**45,921**	38,326
Refundable deposits	**196**	192
	79,779	87,433

The Company's most significant customer, PT Garuda/Bank Negara/PT X Axiata TBk accounts for Rp17,293 million of the trade receivables carrying amount at 31 March 2018 (2017:Axiata- Rp 11,728 million).

Impairment exposure

The aging of trade receivables that were not impaired was as follows at reporting dates:

In millions of Rupiah

	2018 Carrying amount	2017 Carrying amount
Not past due	**27,221**	18,913
Past due 1 – 30 days	**9,747**	11,273
Past due 31 – 60 days	**601**	1,377
Past due 61 – 90 days	**2,519**	307
More than 90 days	**8,027**	8,180
	48,115	40,050

The movement in the provision for impairment in respect of trade receivables from third parties during the years was as follows:

In millions of Rupiah

	2018	2017
Balance at 1 April	**5,844**	5,558
Amounts written off	**-**	862
Reversal for provision on doubtful debts	**(1,234)**	(576)
Balance at 31 March	**4,610**	5,844

Notes forming part of Financial Statements

Management believes that the unimpaired amounts that are past due by more than 30 days remain collectible, based on historical payment behavior and analyses of the underlying customers' credit worthiness.

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 manages this liquidity risk by on-going monitoring of the projected and actual cash flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

In millions of Rupiah

	Carrying amount	Contractual cash flows	
		Total	Less than 1 year
31 March 2018			
Financial liabilities			
Trade and other payables	15,091	15,091	15,091
Accrued expenses	4,891	4,891	4,891
	19,982	19,982	19,982

In millions of Rupiah

	Carrying amount	Contractual cash flows	
		Total	Less than 1 year
31 March 2017			
Financial liabilities			
Trade and other payables	14,805	14,805	14,805
Accrued expenses	13,045	13,045	13,045
	27,850	27,850	27,850

Currency risk

The Company is exposed to currency risk on few sales and purchases that are denominated in a currency other than their functional currency. This risk primarily arises from IDR receivables and IDR payables. Management mitigates the overall risk by buying or selling currencies other than USD at spot rate when necessary.

The Company's net exposure to currency risk is as follows:

In millions of Rupiah

	2018	2017
Assets	4,890	3,543
Liabilities	(2,746)	(1,302)
Net exposure	2,144	2,241)

At reporting dates, balances of monetary assets and liabilities denominated in foreign currencies are translated into Rupiah using the prevailing exchange rates which were IDR13,766./US Dollar at 31 March 2018, and IDR 13,310/US Dollar at 31 March 2017.

A strengthening/weakening of the US Dollar against the Rupiah at 31 March 2018 and 2017 would not significant impact to equity and profit or loss after income tax.

Capital risk management

The Company manages capital with the objective of being able to continue as a going concern and sustaining its ability to provide returns for shareholders and benefits for other stakeholders, as well as maintaining an optimal capital structure to minimize the effective cost of capital. This objective is achieved by limiting the amounts of dividends.

TATA CONSULTANCY SERVICES (PHILIPPINES), INC.

(A Wholly Owned Subsidiary of
Tata Consultancy Services Asia Pacific Pte. Ltd.)

FINANCIAL STATEMENTS

For the year ended
March 31, 2018
(With Comparative Figures for 2017)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS AND STOCKHOLDERS
TATA CONSULTANCY SERVICES (PHILIPPINES), INC.

10th Floor, Panorama Tower
34th Street Corner Lane A
Bonifacio Global City, Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Tata Consultancy Services (Philippines), Inc. (the "Company"), a wholly owned subsidiary of Tata Consultancy Services Asia Pacific Pte. Ltd., which comprise the statement of financial position as at March 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of 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 March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standard (PFRSs).

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 the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company as at and for the year ended March 31, 2017 were audited by another auditor who expressed an unqualified opinion on those financial statements on April 28, 2017.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 26 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.

VERNILO G. YU
Partner
CPA License No. 108798
SEC Accreditation No. 1574-A, Group A, valid until August 11, 2019
Tax Identification No. 225-454-652
BIR Accreditation No. 08-001987-35-2015
Issued December 28, 2015; valid until December 27, 2018
PTR No. 6615159MD
Issued January 3, 2018 at Makati City

May 7, 2018
Makati City, Metro Manila

REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and Stockholders

Tata Consultancy Services (Philippines), Inc.
10th Floor, Panorama Tower
34th Street Corner Lane A
Bonifacio Global City, Taguig City

We have audited the accompanying financial statements of Tata Consultancy Services (Philippines), Inc. (the "Company"), a wholly owned subsidiary of Tata Consultancy Services Asia Pacific Pte. Ltd., as at and for the year ended March 31, 2018, on which we have rendered our report dated May 7, 2018.

In compliance with Securities Regulation Code Rule 68, As Amended, we are stating that the Company has one (1) stockholder owning one hundred (100) or more shares.

R.G. MANABAT & CO.

VERNILO G. YU
Partner
CPA License No. 108798
SEC Accreditation No. 1574-A, Group A, valid until August 11, 2019
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Issued January 3, 2018 at Makati City

May 7, 2018
Makati City, Metro Manila

REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE BUREAU OF INTERNAL REVENUE

The Board of Directors and Stockholders

Tata Consultancy Services (Philippines), Inc.
10th Floor, Panorama Tower
34th Street Corner Lane A
Bonifacio Global City, Taguig City

We have audited the accompanying financial statements of Tata Consultancy Services (Philippines), Inc. (the "Company"), a wholly owned subsidiary of Tata Consultancy Services Asia Pacific Pte. Ltd., as at and for the year ended March 31, 2018, on which we have rendered our report dated May 7, 2018.

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.

VERNILO G. YU
Partner
CPA License No. 108798
SEC Accreditation No. 1574-A, Group A, valid until August 11, 2019
Tax Identification No. 225-454-652
BIR Accreditation No. 08-001987-35-2015
Issued December 28, 2015; valid until December 27, 2018
PTR No. 6615159MD
Issued January 3, 2018 at Makati City

May 7, 2018
Makati City, Metro Manila

Statements of Financial Position March 31, 2018

	Note	2018	2017
ASSETS			
Current Assets			
Cash and cash equivalents	5, 22, 23	**P756,327,962**	P1,047,946,875
Trade receivables - net	6, 22, 23	**650,826,911**	632,767,115
Prepayments and other current assets	7, 22, 23	**55,888,874**	46,681,550
Total Current Assets		**1,463,043,747**	1,727,395,540
Non - current Assets			
Property and equipment - net	8	**343,185,091**	527,104,180
Others assets	9, 23	**113,034,917**	116,645,530
Total Non-current Assets		**456,220,008**	643,749,710
TOTAL ASSETS		**P1,919,263,755**	P2,371,145,250
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10, 22, 23	**P510,291,613**	P628,751,790
Income tax payable		**1,069,749**	510,941
Total Current Liabilities		**511,361,362**	629,262,731
Non-current Liabilities			
Retirement benefit obligation	11	**66,472,230**	65,660,119
Deferred rent	20	**28,668,165**	36,140,112
Total Non-current Liabilities		**95,140,395**	101,800,231
TOTAL LIABILITIES		**606,501,757**	731,062,962
EQUITY			
Share capital	12	**276,200,000**	276,200,000
Accumulated remeasurements on retirement benefits		**14,657,897**	(7,192,025)
Retained earnings:			
Appropriated	13	**540,000,000**	589,335,747
Unappropriated		**1,034,424,101**	781,738,566
Treasury shares	12	**(552,520,000)**	-
Total Equity		**1,312,761,998**	1,640,082,288
TOTAL LIABILITIES AND EQUITY		**P1,919,263,755**	P2,371,145,250

Statement of Comprehensive Income for the Year Ended March 31, 2018

	Note	2018	2017
Revenues - Net	14, 18	**P3,508,096,019**	P4,163,580,898
Cost of services	15	**2,931,128,652**	3,069,605,412
GROSS PROFIT		**576,967,367**	1,093,975,486
Other Income (charges)			
Interest income	5, 20	**3,806,718**	1,883,610
Foreign exchange gain		**32,797,613**	47,263,856
Reversal of bad debts	6	**(52,132)**	6,195,630
Other income (expense) - net		**(3,086,469)**	-
TOTAL OTHER INCOME		**33,465,730**	55,343,096
TOTAL INCOME		**610,433,097**	1,149,318,582
General and administrative expenses	16	**400,556,798**	588,812,086
INCOME BEFORE INCOME TAX		**209,876,299**	560,506,496
Income tax expense	19	**6,526,511**	5,148,710
NET INCOME		**203,349,788**	555,357,786
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gains on retirement benefits	11	**21,849,922**	2,329,208
TOTAL COMPREHENSIVE INCOME		**P225,199,710**	P557,686,994

Statements of Changes in Equity for the years ended March 31, 2018

	Note	Share Capital (Note 12)	Accumulated Remeasurements on Retirement Benefits	Retained Earnings (Note 13) Appropriated	Unappropriated	Total	Treasury Shares (Note 12)	Total
Balances as at April 1, 2016		P276,200,000	(P9,521,233)	P589,335,747	P226,380,780	P815,716,527	P -	P1,082,395,294
Net income		-	-	-	555,357,786	555,357,786	-	555,357,786
Other comprehensive income	11	-	2,329,208	-		-	-	2,329,208
Total comprehensive income		-	2,329,208	-	555,357,786	555,357,786	-	557,686,994
Balances as at March 31, 2017/ April 1, 2017		276,200,000	(7,192,025)	589,335,747	781,738,566	1,371,074,313	-	1,640,082,288
Net income		**-**	**-**	**-**	**203,349,788**	**203,349,788**	**-**	**203,349,788**
Other comprehensive income	11	**-**	**21,849,922**	**-**		**-**	**-**	**21,849,922**
Total comprehensive income		**-**	**21,849,922**	**-**	**203,349,788**	**203,349,788**	**-**	**225,199,710**
Transactions with owners of the Company								
Reversal of appropriations	13	**-**	**-**	**(1,149,335,747)**	**1,149,335,747**	**-**	**-**	**-**
Additional appropriations	13	**-**	**-**	**1,100,000,000**	**(1,100,000,000)**	**-**	**-**	**-**
Treasury shares acquired	12	**-**	**-**	**-**	**-**	**-**	**(552,520,000)**	**(552,520,000)**
Total transactions with the owners of the Company		**-**	**-**	**(49,335,747)**	**49,335,747**	**-**	**(552,520,000)**	**(552,520,000)**
Balances as at March 31, 2018		**P276,200,000**	**P14,657,897**	**P540,000,000**	**P1,034,424,101**	**P1,574,424,102**	**(P552,520,000)**	**P1,312,761,998**

See Notes to the Financial Statements.

Statements of Cash Flows for the years ended March 31, 2018

	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**P209,876,299**	P560,506,496
Adjustments for:			
Depreciation and amortization	8, 15, 16	**215,736,019**	183,038,436
Retirement benefit expense	11, 15, 16, 17	**22,662,033**	19,853,540
Provision for foreseeable losses		**4,928,686**	970,011
Loss on sale of property and equipment		**3,138,604**	-
Doubtful accounts expense	6, 16	**242,173**	877,224
Reversal of allowance for doubtful accounts	6	**(52,132)**	(6,195,630)
Interest income	5, 20	**(3,806,718)**	(1,883,610)
Unrealized foreign exchange loss (gain) - net		**(24,677,430)**	(35,149,349)
Provision for volume discount		**-**	2,097,530
Operating cash flows before working capital changes		**428,047,534**	724,114,648
Decrease (increase) in:			
Trade receivables		**(23,283,353)**	345,430,417
Prepayments and other current assets		**(13,123,286)**	12,381,539
Increase (decrease) in:			
Trade and other payables		**(120,152,515)**	(215,807,980)
Deferred rent		**(7,471,947)**	(7,544,867)
Cash generated from operations		**264,016,433**	858,573,757
Income taxes paid		**(2,051,741)**	(6,482,502)
Net cash from operating activities		**261,964,692**	852,091,255
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		**(35,675,534)**	(171,737,743)
Proceeds from sale of property and equipment		**720,000**	-
Additions to other assets		**5,698,971**	(22,111,292)
Interest income received	5	**1,718,360**	1,883,610
Net cash used in investing activities		**(27,538,203)**	(191,965,425)
CASH FLOWS FROM A FINANCING ACTIVITY			
Purchase of treasury shares	12	**(552,520,000)**	-
Effect of exchange rate changes on cash and cash equivalents		**26,474,597**	30,949,403
Net increase in cash and cash equivalents		**(291,618,913)**	691,075,233
Cash and cash equivalents at beginning of year		**1,047,946,875**	356,871,642
Cash and cash equivalents at end of year	5	**P756,327,962**	P1,047,946,875

Notes forming part of the Financial Statements

1. CORPORATE INFORMATION

Tata Consultancy Services (Philippines), Inc. (the "Company") was organized under the laws of the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 19, 2008.

The Company's principal activities are to provide information technology, business solutions and outsourcing services. The Company is a wholly owned subsidiary of Tata Consultancy Services Asia Pacific Pte. Ltd., a company incorporated under the laws of Singapore.

The Company is registered with the Philippine Economic Zone Authorities (PEZA) under Republic Act No. 7916 (The Special Economic Zone Act of 2005) as an Ecozone I.T. Enterprise on June 2, 2010.

Tata Consultancy Services Limited, a company incorporated in India, is the Company's ultimate parent company.

The Company changed its registered office and principal place of business as approved by the SEC on February 15, 2018. The Company's new registered office and principal place of business is at 10th Floor, Panorama Tower, 34th Street Corner Lane A, Bonifacio Global City, Taguig City, Philippines.

The former address of the Company is 10th Floor Accralaw Tower, 2nd Avenue Corner 30th Street, E-square I.T. Zone, Crescent Park West, Bonifacio, Global City, Taguig City.

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.

Basis of Measurement

The financial statements of the Company have been prepared on the historical cost basis of accounting, except for the retirement benefit obligation which is measured at the present value of the defined benefit obligation.

Functional and Presentation Currency

The financial statements are presented in Philippine Peso, which is the Company's functional currency. All amounts are rounded to the nearest Peso, except when otherwise indicated.

Authorization for Issuance of the Financial Statements

The accompanying financial statements were approved and authorized for issue by the Board of Directors (BOD) on May 7, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in the financial statements, except for the changes in accounting policies as explained below.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Company has adopted the following amendments to standards starting January 1, 2017 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's financial statements.

- *Disclosure Initiative (Amendments to* PAS 7, *Statement of Cash Flows)*. The amendments address financial statements users' requests for improved disclosures about an entity's net debt relevant to understanding an entity's cash flows. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes - e.g. by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

- *Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to* PAS 12, *Income Taxes*. The amendments clarify that:
  - the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset;
  - the calculation of future taxable profit in evaluating whether sufficient taxable profit will be available in future periods excludes tax deductions resulting from the reversal of the deductible temporary differences;
  - the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and
  - an entity assesses a deductible temporary difference related to unrealized losses in combination with all of its other deductible temporary differences, unless a tax law restricts the utilization of losses to deduction against income of a specific type.

Standards Issued but Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after April 1, 2017. However, the Company has not applied 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 April 1, 2018

- PFRS 9, Financial Instruments (2014). PFRS 9 (2014) replaces PAS 39, Financial Instruments: Recognition and Measurement and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  PFRS 9 is to be applied retrospectively for annual periods beginning on or after April 1, 2018, with early adoption permitted. The Company is currently assessing the potential impact of the application of PFRS 9 on its financial statements.

  The Company decided not to early adopt PFRS 9 for its 2018 financial reporting. Based on management's initial assessment, the new standard will potentially have an impact on the classification and measurement of its financial statements and impairment methodology for its financial assets, but will have no significant impact on the measurement of its outstanding liabilities.

- PFRS 15, *Revenue from Contracts with Customers* replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31, *Revenue - Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

  PFRS 15 is effective for annual periods beginning on or after April 1, 2018, with early adoption permitted. The Company plans to adopt this new standard on revenue on the required effective date. The Company is currently assessing the potential impact of the application of PFRS 15 on its financial statements.

Notes forming part of the Financial Statements

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*. The interpretation clarifies that the transaction date to be used for translation for foreign currency transactions involving an advance payment or receipt is the date on which the entity initially recognizes the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when an entity pays or receives consideration in a foreign currency and recognizes a non-monetary asset or liability before recognizing the related item.

  The interpretation is effective for annual periods beginning on or after April 1, 2018, with early adoption permitted.

Effective April 1, 2019

- PFRS 16, *Leases* 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 introduced.

  PFRS 16 is effective on April 1, 2019. Earlier application is permitted for entities that apply PFRS 15 at or before the initial application of PFRS 16. The adoption of PFRS 16 will result in the recognition of assets and liabilities relating to the Company's operating lease arrangements. The Company is currently quantifying the impact of these changes on its financial statements.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments* clarifies how to apply the recognition and measurement requirements in PAS 12 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.

  The interpretation is effective for annual periods beginning on or after April 1, 2019. Earlier application is permitted.

Financial Instruments

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting. Regular way purchase or sale of financial assets require delivery of assets within the period generally established by regulations or convention in the market place.

Initial Recognition of Financial Instruments. 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 classified as financial assets at fair value through profit or loss (FVPL), includes transaction costs.

Subsequent to initial recognition, financial assets are classified into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, and available-for-sale (AFS) financial assets. Financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities. The Company determines the classification of financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at every reporting date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

The Company has no HTM investments, AFS financial assets and financial assets and liabilities at FVPL as at March 31, 2018 and 2017.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains or losses are recognized in the statement of comprehensive income when loans and receivables are derecognized or impaired.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company's cash and cash equivalents, trade receivables, other receivables and refundable deposits are included in this category

Cash includes cash on hand and cash in banks. 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.

Other Financial Liabilities

This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.

The Company's trade and other payables (excluding payables to government agencies) are included in this category.

'Day 1' Profit. Where the transaction price in a non-active market is different from the fair value of the other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' Profit) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which are not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit amount.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the financial asset have expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the financial asset and either: (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

When the Company has transferred its right to receive cash flow from a financial asset and has neither transferred nor retained substantially all the risks and rewards of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to pay.

Notes forming part of the Financial Statements

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

The Company assesses at the reporting date whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that the loss event had a negative impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Assets Carried at Amortized Cost. For assets carried at amortized cost such as loans and receivables, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or individually or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a particular financial asset that was individually assessed, the Company includes the asset as part of a group of financial assets pooled according to their credit risk characteristics and collectively assesses the group for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized are not included in the collective impairment assessment.

Evidence of impairment for specific impairment purposes may include indications that the borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). Time value is generally not considered when the effect of discounting the cash flows is not material. For collective impairment purposes, impairment loss is computed for the risk groups based on their respective default and historical loss experience.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The impairment loss for the period shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented at gross basis in the statement of financial position.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset of transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit of loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statement of financial position as current assets when the cost of services related to the prepayments are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent 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;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management; and
- the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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, item of property and equipment measured using the cost model are carried at cost less any subsequent accumulated depreciation, amortization 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.

Notes forming part of the Financial Statements

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets. Leasehold improvements are amortized over the life of the assets or the lease term, whichever is shorter. The depreciation and amortization is computed based on the following:

	Number of Years
Computer equipment	4
Furniture and fixtures	5
Office equipment	5 - 10
Leasehold improvements	5 or lease term, whichever is shorter

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets commences at the time the assets are ready for their intended use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment of Nonfinancial Assets

At the end of each reporting period, the Company assesses whether there is any indication that any of its nonfinancial assets, which comprise of property and equipment, may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. A reasonable and consistent basis of allocation can be identified, assets are also allocated to individual (CGUs), or otherwise they are allocated to the smallest group of CGUs 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 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 as an expense.

Impairment losses recognized in prior periods are assessed at the end of each reporting period 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 or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income.

Share Capital

Share capital are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Treasury Shares

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in additional paid-in capital.

Retained Earnings

Retained earnings represent accumulated profits or losses. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders. Appropriated retained earnings represent that portion which has been restricted and, therefore, not available for dividend declaration. When the appropriation is no longer needed, it is reversed.

Other Comprehensive Income (OCI)

Other comprehensive income represents income and expense that are not recognized in profit or loss as required or permitted by the related accounting standards.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Rendering of Services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. Under this method, revenue is recognized in the accounting periods in which the services are rendered. Revenue from a contract to provide services is recognized when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the stage of completion of the transaction can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Consultancy services are provided either on a time and material basis, or on a fixed fee basis. Revenue from time-and-material based contracts is recognized at the contractual rates as labor hours and direct expenses are incurred. Revenue from fixed-fee projects is recognized by reference to the stage of completion of the transaction at the reporting date determined by costs incurred to date as a percentage of total estimated project costs. Losses on consulting services are recognized during the period in which the loss becomes probable and the amount of loss can be reasonably estimated. Losses are determined to be the amount by which the estimated costs of the project exceed the estimated total revenue that will be generated for the work. Services to certain customers are provided with volume discounts. Revenue from this is based on contracted price less volume discounts.

Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Other Income

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Company and it can be measured reliably.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Notes forming part of the Financial Statements

Expenses in the statement of comprehensive income are presented using the function of expense method. Costs of services are expenses incurred that are associated with the services rendered and include among others, salaries and other short-term employee benefits, subcontractor costs and other direct costs incurred in rendering the services. General and administrative expenses are costs attributable to administrative, marketing and other business activities of the Company.

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 that are expected to be settled wholly before twelve months after the end of the reporting 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

The Company classifies its retirement benefit as defined benefit plan. Under the defined benefit plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.

The Company presents the first two components of defined benefit costs in profit or loss in the line item of cost of services and general and administrative expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating Lease - The Company as Lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Income tax expense represents the sum of current tax expense and deferred tax.

Notes forming part of the Financial Statements

Current Tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net income as reported in the statement 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. As a PEZA-registered entity, the Company is entitled to corporate income tax holiday (ITH) for four years for IT and Business Process Outsourcing (BPO) projects effective on the committed date of start of commercial operations, or the actual date of start of commercial operations, whichever is earlier. The Company's liability for current tax is calculated using 0% tax rate for PEZA-registered activities under ITH and 5% tax rate for PEZA-registered activities and 30% tax rate for ordinary activities for 2018 and 2017.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax 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 and carryforward benefits of unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carryforward benefits of NOLCO 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. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax 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.

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

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of sales tax payable to the tax authority is included as part of payables in the Company's statement of financial position.

Foreign Currency Denominated Transactions and Translation

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.

Related Parties and Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

A related party transaction is a transfer of resources, services or obligations between the Parent Company and a related party.

Notes forming part of the Financial Statements

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e., more likely than not) 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. Where the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of reimbursement. If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to the financial statements unless the outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period

The Company identifies events after the end of the 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 the financial statements when material.

4. SIGNIFICANT JUDGMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies, Management is required to make judgments, make accounting estimates and use 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 financial statements.

Determining Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the Company in determining the costs and selling price of its services.

Determining Whether an Arrangement Contains a Lease

The Company uses its judgment in determining whether an arrangement contains a lease, based on the substance of the arrangement at the inception date, and makes assessment on whether the arrangement is dependent on the use of the specific asset or assets, the arrangement conveys a right to use the asset and the arrangement transfers substantially all the risk and rewards incidental to ownership to the Company.

Operating Lease - Company as Lessee

Based on Management evaluation, the lease arrangements entered into by Company as a lessee are accounted for as operating leases because the Company has determined that the lessor will not transfer the ownership of the leased assets to the Company upon termination of the lease.

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 each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue Recognition

Revenue from fixed-fee projects is recognized by reference to the stage of completion of the transaction at the end of each reporting period and the costs incurred for the transaction and the costs to complete can be measured reliably.

In making this judgment, management considered the reasonableness of the costs incurred to-date and the estimated costs for completion for each project. Based on this, the percentage of completion is obtained and revenue is adjusted accordingly.

The amount of revenue recognized in the Company's statement of comprehensive income from the sale of services amounted to P3.51 billion and P4.16 billion in 2018 and 2017, respectively (see Note 14). Fixed-fee projects with revenue recognized by reference to the stage of completion amounted to P1.29 billion and P963.67 million in 2018 and 2017, respectively.

Estimating Useful Lives of Property and Equipment

The useful lives of the Company's property and equipment are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Company's assets. In addition, the estimation of the useful lives is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase the recognized operating expenses and decrease non-current assets.

As at March 31, 2018 and 2017, the carrying amounts of the Company's property and equipment amounted to P343.19 million and P527.10 million, respectively (see Note 8).

Estimating Impairment of Nonfinancial Assets

The Company performs an impairment review when certain impairment indicators are present. Determining the recoverable amount of property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, require the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property and equipment and intangible asset are impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

As at March 31, 2018 and 2017, the Company's management determined that there are no impairment indicators affecting its property and equipment.

Estimating Impairment Losses on Trade Receivables

The Company estimates the allowance for doubtful accounts related to its receivables based on assessment of specific accounts when the Company has information that certain counterparties are unable to meet their financial obligations. In these cases judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship with the counterparty and the counterparty's current credit status based on third party credit reports and known market factors. The Company used judgment to record specific reserves for counterparties against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

Notes forming part of the Financial Statements

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

As at March 31, 2018 and 2017, the management provided for allowances amounting to P1.15 million and P0.96 million, respectively considering doubtful collection from accounts (see Note 6).

Trade receivables recognized in the Company's statement of financial position amounted to P650.83 million and P632.77 million, as at March 31, 2018 and 2017, respectively (see Note 6).

Estimating Recoverability of Deferred Tax Assets

The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. The Company also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact of deferred tax assets accordingly. The Company's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenues and expenses.

As at March 31, 2018 and 2017, the Company has not recognized deferred tax assets for NOLCO and retirement benefit obligation as management believes it is not probable that future taxable profits from its non-PEZA-registered and PEZA-registered activities will be available against which the Company can utilize the benefits from the carryforward benefits of its NOLCO and retirement benefit obligation, respectively (see Note 21).

Estimating Retirement Benefit Obligation and Expense

The determination of the retirement benefit obligation and expense is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include discount rates, mortality rates and rates of compensation increase, among others. Actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligations.

The retirement benefit expense charged to operations amounted to P22.66 million and P19.85 million in 2018 and 2017, respectively. The carrying amount of the retirement benefit obligation in the Company's statement of financial position amounted to P66.47 million and P65.66 million as at March 31, 2018 and 2017, respectively (see Note 11).

Estimating Provisions and Contingent Liabilities

The Company is involved in a certain claims, which arise in the normal course of business. The management believes that the claims lack legal basis and will contest any future proceedings. The estimate on the probable costs for the resolution of these possible claims is based upon analysis of potential results. Currently, the Company does not believe these claims will have a material adverse effect on the Company's financial statements. It is possible that future financial performance could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceeding.

The Company did not recognize asset retirement obligation for the leasehold improvements made in the lease premises. Said obligation is considered contingent, as disclosed in Note 20 to the financial statements. Contingent liabilities are not recognized because their 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 entity.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

5. CASH AND CASH EQUIVALENTS

This account consists of:

	Note	2018	2017
Cash on hand		**P108,718**	P100,176
Cash in banks	22, 23	**506,219,244**	797,308,169
Cash equivalents	22, 23	**250,000,000**	250,538,530
		P756,327,962	P1,047,946,875

Cash pertains to cash on hand and unrestricted cash in banks, which earned an average interest of 0.10%. Interest for time deposit earned an average interest of 1.625% in 2018 and 2017. Income earned on cash in banks amounted to P0.43 million and P0.35 million in 2018 and 2017, respectively, while interest income earned on time deposit amounted to P1.29 million and P1.54 million in 2018 and 2017, respectively.

6. TRADE RECEIVABLES

The trade receivables consists of:

	Note	2018	2017
Trade:			
Billed receivables		**P520,951,092**	P534,756,591
Unbilled receivables		**131,022,479**	98,967,143
		651,973,571	633,723,734
Less allowance for doubtful accounts		**1,146,660**	956,619
	22, 23	**P650,826,911**	P632,767,115

The average credit period taken on sales of services is 15 to 75 days. No interest is charged in the receivable exceeding the credit period.

Out of the total trade receivables, due from related parties amounted to P393.90 million and P256.04 million as at March 31, 2018 and 2017, respectively (see Note 18).

Movements in the allowance for impairment losses follows:

	Note	2018	2017
Balance at beginning of year		**P956,619**	P6,275,025
Provision	16	**242,173**	877,224
Reversal		**(52,132)**	(6,195,630)
Balance at end of year		**P1,146,660**	P956,619

7. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the Company's prepayment and other current assets are shown below:

	Note	2018	2017
Prepaid income tax		**P17,132,736**	P17,411,157
Advances to employees		**6,821,711**	10,870,009
Advance rent	20	**5,905,292**	2,768,558
Advances to suppliers		**2,400,701**	408,319
Refundable deposits	20, 22, 23	**1,856,000**	1,856,000
Other receivables	22, 23	**11,441,532**	11,853,821
Others		**10,330,902**	1,513,686
		P55,888,874	P46,681,550

Notes forming part of the Financial Statements

Other receivables include receivables from Social Security System for advances made on behalf of the Company's employees.

Others include recoverable expenses relating to consumers' contracts and miscellaneous prepayments.

8. PROPERTY AND EQUIPMENT

Movements in the carrying amounts of the property and equipment are as follows:

	Computer Equipment	Furniture and Fixtures	Office Equipment	Leasehold Improvements	Construction in Progress	Total
Cost						
Balance, April 1, 2016	P256,804,442	P59,561,912	P212,370,579	P263,786,022	P262,362	P792,785,317
Additions	50,464,816	22,895,336	56,600,400	130,543,684	3,120,550	263,624,786
Reclassification	262,362	-	-	-	(262,362)	-
Balance, March 31, 2017	307,531,620	82,457,248	268,970,979	394,329,706	3,120,550	1,056,410,103
Additions	22,180,909	2,827,770	3,635,284	-	8,015,815	36,659,778
Disposals	(21,568,346)	(9,106,637)	(41,563,711)	(16,238,073)	-	(88,476,767)
Reclassification	-	-	270,400	-	(270,400)	-
Balance, March 31, 2018	**308,144,183**	**76,178,381**	**231,312,952**	**378,091,633**	**10,865,965**	**1,004,593,114**
Accumulated Depreciation and Amortization						
Balance, April 1, 2016	**139,730,942**	**26,586,914**	**94,689,070**	**85,260,561**	**-**	**346,267,487**
Depreciation and Amortization	**58,334,582**	**11,714,954**	**38,373,789**	**74,615,111**	**-**	**183,038,436**
Balance, March 31, 2017	**198,065,524**	**38,301,868**	**133,062,859**	**159,875,672**	**-**	**529,305,923**
Depreciation and Amortization	**60,782,635**	**15,952,014**	**46,504,410**	**92,496,960**	**-**	**215,736,019**
Disposals	**(21,192,828)**	**(9,105,113)**	**(37,258,102)**	**(16,077,876)**	**-**	**(83,633,919)**
Balance, March 31, 2018	**237,655,331**	**45,148,769**	**142,309,167**	**236,294,756**	**-**	**661,408,023**
Carrying Amounts						
March 31, 2017	**P109,466,096**	**P44,155,380**	**P135,908,120**	**P234,454,034**	**P3,120,550**	**P527,104,180**
March 31, 2018	**P70,488,852**	**P31,029,612**	**P89,003,785**	**P141,796,877**	**P10,865,965**	**P343,185,091**

The total amount of additions to property and equipment includes cash acquisitions amounting to P35.68 million and P171.74 million as at March 31, 2018 and 2017, respectively.

Management believes that there is no indication that an impairment loss has occurred on its property and equipment.

9. OTHER ASSETS

The Company's other assets consists of:

	Note	2018	2017
Refundable deposits	20, 22, 23	**P65,234,786**	P71,212,246
Advance rent	20	**45,433,270**	45,433,284
Others		**2,366,861**	-
		P113,034,917	P116,645,530

10. TRADE AND OTHER PAYABLES

The Company's trade and other payables consist of:

	Note	2018	2017
Trade payables		**P205,518,145**	P325,214,916
Accrued short-term employee benefits		**247,013,274**	233,047,273
Unearned revenues		**19,114,532**	16,328,095
Withholding taxes payables		**18,975,598**	31,785,394
Provision for volume discount		**5,304,199**	3,137,791
Output VAT - net		**2,133,942**	6,563,860
Other statutory payables		**12,231,923**	12,674,461
	23	**P510,291,613**	P628,751,790

The average credit period on purchases of goods and services from suppliers is 30 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Accrued short-term employee benefits include provision for employee bonus, sick leave and vacation leave accruals.

Output VAT is net of input VAT amounting to P0.12 million and P0.91 million in 2018 and 2017, respectively. Claims for tax credit amounted to P0.46 million and P5.88 million in 2018 and 2017, respectively.

Out of the total trade payables, due to related parties amounted to P6.02 million and P95.71 million as at March 31, 2018 and 2017, respectively, (See Note 18).

11. RETIREMENT BENEFIT PLAN

The Company operates a defined benefit plan for qualifying employees. Under the plan, the employees upon reaching the age of 60 years or more but not beyond 65 years, which is declared the compulsory retirement age, and have served at least five years in the Company are entitled to retirement benefits equivalent to at least one half month salary for every year of service rendered in the Company.

The plan typically exposes the participants to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Interest Rate Risk

A decrease in the government bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity Risk

The present value of the defined benefit plan liability is calculated by reference to tl1e best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out at March 31, 2018 by an independent actuary. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2018	2017
Discount rate	**7.04%**	5.45%
Expected rate of salary increase	**4.00%**	4.00%

Notes forming part of the Financial Statements

Details of the retirement benefit obligation as at March 31 are as follows:

	Defined Benefit Obligation	
	2018	2017
Balance at beginning of year	**P65,660,119**	P48,135,787
Included in profit or loss		
Current service cost	**19,083,557**	17,543,022
Interest cost	**3,578,476**	2,310,518
	22,662,033	19,853,540
Included in OCI		
Remeasurement loss (gain) arising from:		
Changes in financial assumptions	**(17,199,459)**	(7,100,309)
Experience adjustments	**(4,650,463)**	4,771,101
	(21,849,922)	(2,329,208)
Balance at end of year	**P66,472,230**	P65,660,119

The total retirement benefit expense charged to cost of services amounted to P17.39 million and P17.03 million in 2018 and 2017, respectively. Total retirement benefit expense charged to general and administrative expenses amounted to P5.27 million and P2.82 million in 2018 and 2017, respectively (see Notes 15 and 16).

The reasonably possible changes to the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Increase (Decrease) in Defined Benefit Obligation	
	2018	2017
Discount rate		
Increase by 0.5%	**(P4,365,829)**	(P4,835,376)
Decrease by 0.5%	**4,791,522**	5,366,344
Salary rate		
Increase by 0.5%	**4,946,152**	5,424,817
Decrease by 0.5%	**(4,553,182)**	(4,938,039)
Employee Turnover		
Increase by 10%	**(4,553,957)**	(5,510,647)
Decrease by 10%	**4,553,957**	5,510,647

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Company to manage its risks from prior periods.

12. SHARE CAPITAL

The Company has one class of ordinary shares which carries no right to fixed income.

	2018	2017
Authorized - 3,000,000 ordinary shares at P100 par value		
Issued	**2,762,000**	2,762,000
Less treasury shares	**(380,000)**	-
Total issued and outstanding	**2,382,000**	2,762,000

On July 26, 2017, the BOD approved to buy-back 380,000 shares from Tata Consultancy Services Asia Pacific Pte. Ltd. for P1,454 per share for a total of P552,520,000. These shares will not be retired and shall be deemed as treasury shares.

13. APPROPRIATION OF RETAINED EARNINGS

On May 4, 2015, the BOD has approved the appropriation of P589.34 million of its unrestricted retained earnings for future expansion of its BPO line.

On April 28, 2017, the BOD has approved the reversal of appropriated retained earnings as at March 31, 2017 amounting to P589.34 million following the completion of Business Expansion for its NTEC2 9th floor and Panorama Tower 14th floor sites. On the same date, the BOD approved the appropriation of P1.10 billion of its unrestricted retained earnings for future business expansion of its BPO line which is expected to continue in the next four (4) years.

On July 26, 2017, the BOD approved the reversal of appropriated retained earnings amounting to P560 million for the buy-back of shares (see Note 12).

On May 7, 2018, the BOD approved the appropriation of reserve fund in the amount of P221 million out of the total retained earnings of P481.90 million as at March 31, 2018 for the business expansion of the Company which is expected to continue for the next 4 years (see Note 25).

14. REVENUE

An analysis of the Company's revenue is as follows:

	Note	2018	2017
Sale of service to third party		**P694,374,215**	P1,524,937,550
Sale of service to related parties	18	**2,813,721,804**	2,638,643,348
		P3,508,096,019	P4,163,580,898

Sale of services is net of volume discount amounting to P25.56 million and P2.10 million in 2018 and 2017, respectively.

Notes forming part of the Financial Statements

15. COST OF SERVICES

The Company's cost of services consists of:

	Note	2018	2017
Salaries and other short-term employee benefits	17	**P1,947,312,979**	P2,091,375,505
Direct cost-intercompany charges	18	**214,992,560**	302,881,751
Rent	20	**309,493,971**	261,462,618
Depreciation and amortization	8	**208,964,083**	166,459,166
Communication		**68,750,052**	43,043,485
Facilities		**42,468,843**	88,209,615
Security services		**33,995,971**	28,676,279
Repairs and maintenance		**30,236,205**	15,493,700
Retirement benefit expense	11, 17	**17,387,945**	17,034,023
Legal and professional fees		**11,016,577**	16,960,689
Transportation and travel		**10,221,848**	9,410,574
Project costs		**8,474,186**	2,377,356
Taxes and licenses		**4,268,993**	5,514,537
Recruitment and training		**3,332,063**	8,922,781
Others		**20,212,376**	11,783,333
		P2,931,128,652	P3,069,605,412

Others include fess to external consultant, security services and repairs and maintenance.

16. GENERAL AND ADMINISTRATIVE EXPENSES

The Company's general and administrative expenses consist of:

	Note	2018	2017
Salaries and other short-term employee benefits	17	**P302,413,643**	P423,296,498
Management cost	18	**45,730,464**	107,694,688
Transportation and travel		**8,991,529**	5,155,609
Legal and professional fees		**7,206,752**	8,193,044
Depreciation and amortization	8	**6,771,936**	16,579,270
Brand equity contribution	18	**6,029,983**	3,839,004
Retirement benefit expense	11, 17	**5,274,088**	2,819,517
Communication		**4,307,043**	4,663,449
Recruitment and training		**3,056,945**	4,988,388
Rent	20	**2,530,618**	1,084,974
Fees paid to business associates		**2,061,439**	2,348,449
Printing and stationery		**1,313,835**	2,033,569
Representation and entertainment		**1,218,804**	920,419
Advertising		**790,500**	697,084
Taxes and licenses		**551,023**	281,431
Repairs and maintenance		**250,054**	515,692
Doubtful expense	6	**242,173**	877,224
Director's fees		**175,342**	99,658
Others		**1,640,627**	2,724,119
		P400,556,798	P588,812,086

Others include cleaning expenses and miscellaneous items.

17. EMPLOYEE BENEFITS

Employee benefits consist of:

	Note	2018	2017
Short-term benefits	15, 16	**P2,249,726,622**	P2,514,672,003
Post-employment benefits	15, 16	**22,662,033**	19,853,540
		P2,272,388,655	P2,534,525,543

18. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company transacts with companies which are considered related parties under PAS 24, *Related Party Disclosures*.

The summary of the Company's transactions and outstanding balances with related parties as at and for the years ended March 31, 2018 and 2017 are as follows:

		Outstanding Balance				
	Amounts	**Receivables**	**Payables**	**Terms**	**Conditions**	**Reference**
2018						
Ultimate Parent						
Sales	**P1,017,200,604**	**P235,056,698**	**P -**	**30-day; non-interest bearing**	**Unsecured; unimpaired**	**a**
Purchases	**121,273,880**	**-**	**-**			**a**
Direct cost- intercompany charges	**214,992,560**	**-**	**-**			**a**
Management cost	**32,821,545**	**-**	**-**			**d**
Volume Discount	**6,207,108**	**-**	**-**			
Parent Company						
Sales	**19,684,937**	**475,094**	**-**	**30-day; non-interest bearing**	**Unsecured; unimpaired**	**a**
Management cost	**12,908,919**	**-**	**-**			**c**
Fellow Subsidiaries						
Sales	**1,776,836,263**	**158,366,167**	**-**	**30-day; non-interest bearing**	**Unsecured; unimpaired**	**a**
Brand equity contributions	**6,029,983**	**-**	**6,023,012**	**30-day; non-interest bearing**	**Unsecured**	**b**
		P393,897,959	**P6,023,012**			

		Outstanding Balance				
	Amounts	Receivables	Payables	Terms	Conditions	Reference
2017						
Ultimate Parent						
Sales	P352,343,706	P95,797,860	P -	30-day; non-interest bearing	Unsecured; unimpaired	a
Purchases	114,410,524	-	91,902,341	30-day; non-interest bearing	Unsecured	a
Direct cost-intercompany charges	302,881,751	-	-			a
Management cost	88,136,725	-	-			d
Volume Discount	73,061	-	-			
Parent Company						
Management cost	19,557,963	-	-			c
Fellow Subsidiaries						
Sales	2,286,299,642	160,243,798	-	30-day; non-interest bearing	Unsecured; unimpaired	a
Brand equity contributions	3,839,004	-	3,812,344	30-day; non-interest bearing	Unsecured	b
		P256,041,658	P95,714,685			

Notes forming part of the Financial Statements

a. Sales to related parties were made at the Company's usual list prices. Purchases and direct cost-intercompany charges, representing subcontract costs for employee-related costs recoveries and reimbursements, were made at market price discounted to reflect the services purchased and the relationships between the parties.

b. On December 23, 2009, the BOD approved the subscription of the Company to Tata Brand Equity & Business Promotion Scheme (Scheme) and authorized its ultimate parent company Tata Consultancy Services Limited to enter into a Brand Equity and Business Promotion Agreement through its authorized signatories with Tata Sons Limited, on behalf of the Company, towards the Company's subscription to the Scheme. Total fees charged to the Company amounted to P6.03 million and P3.84 million in 2018 and 2017, respectively, as disclosed in Note 16.

c. In 2011, TCS Asia Pacific Pte. Ltd, the Parent company has allocated its management cost to all its Asia Pacific subsidiaries. The management cost is allocated based on time spent of management personnel for respective subsidiaries. Total charges allocated to the Company amounted to P12.91 million and P19.56 million in 2018 and 2017, respectively (see Note 16).

d. On April 1, 2013, the Company and its ultimate parent signed an agreement for General Services and Cost Sharing. The Company being a subsidiary company of Tata Consultancy Services Limited is a group of companies ("the TCS group), and is engaged in business of promoting, marketing, designing, developing, delivering, maintaining information technology services and products and delivery of information technology enabled services. The Corporate Office of Tata Consultancy Services Limited ("TCS-HQ") raises charges on various subsidiaries distributing the expenses incurred by TCS-I-IQ comprising cost towards staffing and support activities and other support functions which has been provided by TCS-HQ and which can reasonably be allocated to subsidiaries. The Company hereby recognizes the efficiency and acknowledges benefit of the said referred services since services are not locally performed within the Philippines. Total management cost allocated by the ultimate parent to the Company amounted to P32.82 million and P88.14 million in 2018 and 2017, respectively (see Note 16).

Remuneration of Key Management Personnel

The remuneration of the key management personnel of the Company consists of short-term benefits amounting to P9.65 million and P9.31 million in 2018 and 2017, respectively.

19. INCOME TAXES

The Company's income tax expense represents current tax expense amounting to P6,526,511 and P5,148,710 in 2018 and 2017, respectively.

The reconciliation of the income tax expense computed at the statutory tax rate of 30% and the income tax expense shown in profit or loss is as follows:

	2018	2017
Income before income tax	**P209,876,299**	P560,506,496
Income tax at statutory rate	**P62,962,890**	P168,151,949
Additions to (reductions in) income tax resulting from the tax effects of:		
Non-deductible expenses	**21,338,038**	38,203,787
Income subject to ITH	**(69,330,540)**	(176,163,742)
Income subject to 5% tax regime	**(7,301,861)**	(25,743,552)
Income subject to final tax	**(1,142,016)**	(565,083)
Unrecognized deferred tax	**-**	1,265,351
	P6,526,511	P5,148,710

As at March 31, 2018 and 2017, the gross amount of the Company's unrecognized deferred tax assets are as follows:

	2018	2017
NOLCO	**P39,331,980**	P39,331,980
Retirement benefit obligation	**20,591,602**	21,047,541
	P59,923,582	P60,379,521

Management believes it is not probable that future taxable profits from the Company's non-PEZA-registered and PEZA-registered activities will be available against which the Company can utilize the benefits from the carryforward benefits of its NOLCO and retirement benefit obligation, respectively. As a result, the Company has not recognized deferred tax assets for NOLCO and retirement benefit obligation.

Details of NOLCO are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2016	P75,733,637	P36,401,657	P -	P -	P39,331,980	2019

20. LEASE AGREEMENTS

The Company has entered into lease agreements with third parties in respect of the leases of office building spaces ranging from five to six years, renewable at the option of the Company. The rent is payable on a monthly basis with an escalation rate ranging from 5% to 6% on the subsequent years.

Rental expense incurred on these lease agreements amounted to P312.02 million and P262.55 million in 2018 and 2017, respectively (see Notes 15 and 16). Total deposits made on these lease agreements amounted to P67.09 million and P73.07 million as at March 31, 2018 and 2017 (see Notes 7 and 9). Total advance rent amounted to P51.34 million and P48.20 million as at March 31, 2018 and 2017, respectively (see Note 7 and 9).

Deferred rent amounted to P28.67 million and P36.14 million as at March 31, 2018 and 2017, respectively. Interest income recognized in profit or loss amounted to P2.09 million and nil in 2018 and 2017, respectively.

At the end of each reporting period, the Company had outstanding commitments for future minimum rentals payable under these lease agreements as follows:

	2018	2017
Not later than one year	**P202,843,277**	P206,246,855
Later than one year but not later than five years	**189,688,425**	367,843,400
	P392,531,702	P574,090,255

For the lease premises at Bench Tower and Panorama, all additions, alterations and improvements made on the leased office units by the lessee (except movable furniture and fixtures, equipment, appliances, electronic items and others) installed at the lessee's expense and removable without damaging the leased office units and the premises, shall become the lessor's property upon the termination of the contract or its extension, without any obligation on the lessor's part to reimburse the lessee for the value thereof.

Should the lessor decide, at its sole discretion, that it does not wish to retain any of the said additions, alterations and improvements, it shall so advise the lessee at least 60 days prior to the termination of the Contract, and the lessee hereby undertakes to remove such additions, alterations and improvements from the leased office units at its sole expense.

Said obligation is considered contingent since the existence will be confirmed only by the occurrence or non-occurrence of an uncertain future event, i.e., lessor's decision prior to termination of contract.

21. REGISTRATION WITH PHILIPPINE ECONOMIC ZONE AUTHORITY

As discussed in Note 1 to the financial statements, the Company was registered with PEZA to set up an I.T.-enabled facility to perform information technology outsourcing services and BPO to all types of enterprises, organizations, entities and companies at the E-Square Information Technology Park, Bonifacio Global City, Taguig City. As a registered enterprise, the Company's project shall be entitled to incentives granted to non-pioneer projects under R.A. 7916 (The Special Economic Zone Act of 2005), as amended, and the PEZA IT. Guidelines.

Incentives include the following:

a. Corporate ITH for four (4) years for original project effective on the committed date of start of commercial operations, or the actual date of start of commercial operations, whichever is earlier; ITH entitlement for the original project can also be extended for another three years provided specific criteria are met for each additional year and prior PEZA approval is obtained; duly approved and registered "Expansion" and "New" projects are entitled to a three-year and four-year ITH, respectively;

Notes forming part of the Financial Statements

b. Tax and duty-free importation of merchandise which include raw materials, capital equipment, machineries and spare parts;

c. Exemption from wharfage dues and export tax, impost or fees;

d. VAT zero-rating of local purchases subject to compliance with Bureau of Internal Revenue (BIR) and PEZA requirements; and

e. Exemption from payment of any and all local government imposts, fees, licenses or taxes except real estate tax; however, machinery installed and operated in the ecozone for manufacturing, processing or for industrial purposes shall not be subject to payment of real estate taxes for the first three years of operation of such machineries; production equipment not attached to real estate shall be exempt from real property taxes.

At the end of ITH, the following incentives shall apply:

a. The Company shall pay a 5% final tax on gross income, in lieu of all national and local taxes.

b. Additional deduction for training expenses (1/2 of value) against the 5% tax on gross income earned, but not to exceed 3%, subject to guidelines to be formulated by PEZA in coordination with the Department of Labor and Employment and the Department of Finance.

The 10th and 11th Floors of Accralaw Tower, Business Process Outsourcing Services are under Corporate Income Tax Holiday (ITH) for four (4) years until July 31, 2014 and obtained an extension for additional one year until July 31, 2015.

The Bench Tower which includes 9th, 12th, 15th, 16th & 17th Floors, IT services and Business Process Outsourcing are under ITH for four years until January 31, 2017 and obtained an extension for additional two years until Jauary 31, 2019. The 8th Floor of Entec Building IT Services and Business Process Outsourcing is under ITH until September 30, 2017 awaiting approval for the extension of another one year until August 2018.

The Panorama Tower which includes 8th-12th Floors, IT Services and Business Process Outsourcing are under ITH for four years until June 30, 2018.

The 10th and 11th Floors of Accralaw Tower, LT. are no longer under ITH. Said location and related business process is now subject to 5% final tax on gross income. On January 31, 2018, lease term for Accralaw ended and were not renewed. Operations were transferred to Ecotower as approved by PEZA under LOA 18-ERD-TOZA/LDO/ITE-0134 dated January 15, 2018.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Company's financial assets and financial liabilities are shown below:

	2018		2017	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash	**P756,327,962**	**P756,327,962**	P1,047,946,875	P1,047,946,875
Trade receivables	**650,826,911**	**650,826,911**	632,767,115	632,767,115
Other receivables	**11,441,532**	**11,441,532**	11,853,821	11,853,821
Refundable deposits	**67,090,786**	**67,090,786**	73,068,246	73,068,246
	P1,485,687,191	**P1,485,687,191**	P1,765,636,057	P1,765,636,057
Financial Liabilities				
Trade and other payables*	**P476,950,150**	**P476,950,150**	P577,728,075	P577,728,075

**Excluding statutory payables amounting to P33.34 million and P51.02 million as at March 31, 2018 and 2017, respectively.*

The difference between the carrying amount of the trade and other payables disclosed in the statement of financial position and the amount disclosed in this note pertains to government payables, provisions and deferred revenues that are not considered as financial liabilities.

Due to the short-term maturities of cash, trade receivables, other receivables, current refundable deposits and trade and other payables, their carrying amounts approximate their fair values.

The fair value of noncurrent refundable deposits cannot be measured reliably since there were no comparable market data and inputs for the sources of fair value such as discounted cash flow analysis. However, Management believes that their carrying amounts approximate their fair values.

23. FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks such as market risks (including foreign exchange risk and interest rate risk), credit risk and liquidity risk The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below:

Market Risk

Market risk refers to the possibility that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's profit or the value of its holdings of financial instruments. The Company focuses on two market risk areas such as interest rate risk and foreign currency risk. The objective and management of these risks are discussed below:

Foreign Exchange Risk

Foreign exchange risk arises when an investment's value changed due to changes in currency exchange rate. The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions other than the functional currency. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Significant fluctuation in the exchange rates could significantly affect the Company's financial position. The exposure is managed partly by natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies. The Company kept its foreign currency transaction at a minimum to minimize the effect of foreign currency fluctuations.

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:

	2018	2017
Cash in banks	**P214,268,343**	P584,182,013
Trade receivables	**448,315,543**	565,977,480
Trade and other payables	**17,424,303**	58,616,139
	P680,008,189	P1,208,775,632

The sensitivity rate used in reporting foreign currency risk internally to key management personnel is 10% and it represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% in foreign currency rates. The sensitivity analysis includes all of the Company's foreign currency denominated monetary assets and liabilities.

The table below details the Company's sensitivity to a 10% increase and decrease in the Philippine Peso against the relevant foreign currencies. The sensitivity rate used reporting foreign currency risk internally to key management personnel is 10% and it represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% in foreign currency rates. The sensitivity analysis includes all of the Company's foreign currency denominated monetary assets and liabilities. A positive number below indicates an increase in profit when the Philippine Peso strengthens 10% against the relevant currency. For a 10% weakening of the Philippine Peso against the relevant currency, there would be an equal and opposite impact on the profit and the balances below would be negative.

Notes forming part of the Financial Statements

	Effects on Profit for the Year Increase (Decrease)	
	2018	2017
Cash in banks	**(P21,426,834)**	(P58,418,201)
Trade receivables	**(44,831,554)**	(56,597,748)
Trade and other payables	**1,742,430**	5,861,614
	(P64,515,958)	(P109,154,335)

Management does not foresee or expect any significant change in its foreign currency risk exposures or in the strategies it employs to manage them in the near future.

Interest Rate Risk

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest.

The primary source of the Company interest rate risk relates to cash in banks. The interest rates on these assets are disclosed in Note 5 to the financial statements.

The cash in banks are short-term in nature and with the current interest rate level, any variation in the interest will not have a material impact on profit or loss of the Company.

Credit Risk

Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, when appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company only transacts with entities that are rated the equivalent of investment grade and above. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The following table presents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

	Note	**2018**	2017
Cash in banks	5	**P506,219,244**	P797,308,169
Cash equivalents	5	**250,000,000**	250,538,530
Trade receivables	6	**650,826,911**	632,767,115
Other receivables	7, 22	**11,441,532**	11,853,821
Refundable deposits	7, 9	**67,090,786**	73,068,246
		P1,485,578,473	P1,765,535,881

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Notes forming part of the Financial Statements

As at March 31, 2018 and 2017, the aging analysis of the Company's financial assets is as follows:

	Neither Past	Past Due Account but not Impaired				Impaired Financial Assets	Total
	Due nor Impaired	**1-90 Days Past Due**	**91-180 Days Past Due**	**181-270 Days Past Due**	**Over 271 Days Past Due**		
2018							
Cash in banks	**P506,219,244**	**P -**	**P -**	**P -**	**P -**	**P -**	**P506,219,244**
Cash equivalents	**250,000,000**	**-**	**-**	**-**	**-**	**-**	**250,000,000**
Trade receivables	**460,054,493**	**168,349,124**	**14,893,291**	**7,530,003**	**-**	**1,146,660**	**651,973,571**
Other receivables	**11,441,532**	**-**	**-**	**-**	**-**	**-**	**11,441,532**
Refundable deposits	**67,090,786**	**-**	**-**	**-**	**-**	**-**	**67,090,786**
	P1,294,806,055	**P168,349,124**	**P14,893,291**	**P7,530,003**	**P -**	**P1,146,660**	**P1,486,725,133**

	Neither Past	Past Due Account but not Impaired				Impaired Financial Assets	Total
	Due nor Impaired	1-90 Days Past Due	91-180 Days Past Due	181-270 Days Past Due	Over 271 Days Past Due		
2017							
Cash in banks	P797,308,169	P -	P -	P -	P -	P -	P797,308,169
Cash equivalents	250,538,530	-	-	-	-	-	250,538,530
Trade receivables	273,955,342	332,905,087	19,966,170	1,262,072	4,678,444	956,619	633,723,734
Other receivables	11,853,821	-					11,853,821
Refundable deposits	73,068,246	-	-	-	-	-	73,068,246
	P1,406,724,108	P332,905,087	P19,966,170	P1,262,072	P4,678,444	P956,619	P1,766,492,500

The Company provided an allowance on past due account that believed to be impaired. Management believes that there is no change in the credit quality of financial assets from the date credit was initially granted up to the end of each reporting period.

The table below details the credit quality of the Company neither past due nor impaired financial assets:

	Neither Past Due nor Impaired		
	High Grade	**Satisfactory Grade**	**Total**
2018			
Cash in bank	**P506,219,244**	**P -**	**P506,219,244**
Cash equivalents	**250,000,000**	**-**	**250,000,000**
Trade receivables	**460,054,493**	**-**	**460,054,493**
Other receivables	**-**	**11,441,532**	**11,441,532**
Refundable deposits	**-**	**67,090,786**	**67,090,786**
	P1,216,273,737	**P78,532,318**	**P1,294,806,055**

Notes forming part of the Financial Statements

	Neither Past Due nor Impaired		
	High Grade	Satisfactory Grade	Total
2017			
Cash in bank	P797,308,169	P -	P797,308,169
Cash equivalents	250,538,530	-	250,538,530
Trade receivables	273,955,342	-	273,955,342
Other receivables	-	11,853,821	11,853,821
Refundable deposits	-	73,068,246	73,068,246
	P1,321,802,041	P84,922,067	P1,406,724,108

The Company uses internal ratings to determine the credit quality of its financial assets. These have been mapped to the summary rating below.

High Grade - This applies to highly rated financial obligors, strong corporate counterparties and personal borrowers with whom the Company has excellent repayment experience.

Satisfactory Grade - This applies to financial assets that are performing as expected, including loans and advances to small and medium sized entities and recently established businesses.

Acceptable Grade - This applies to counterparties with risk profiles that are subject to closer monitoring and scrutiny with the objective of managing risk and moving accounts to improved rating category.

Low Grade - This applies to risks that is neither past due nor expected to result in loss but where the Company requires a workout of the relationship unless an early reduction in risk is achievable.

Liquidity Risk

Liquidity risk is the possibility 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 always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows. The Company maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity.

The remaining contractual maturities of the Company's non-derivative financial liabilities as at March 31, 2018 and 2017 amounted to P476.95 million and P577.73 million, respectively, are within one year from the end of each reporting period. The amounts exclude payables to government, provisions and deferred revenues.

24. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders. The Company is governed by the following fundamental strategies:

a. The Company enters into bank guarantee for some operational transactions.

b. It does not enter into high risk security or equity investments. The Company's overall strategy remains unchanged from 2015.

The capital structure of the Company consists of equity attributable to the shareholders comprising of share capital and retained earnings.

Equity is defined as capital and retained earnings of the Company, while assets include current and noncurrent assets.

The Company's equity ratio as at March 31, 2018 and 2017 follows:

	2018	2017
Total equity	**P1,312,761,998**	P1,640,082,288
Total assets	**1,919,263,755**	2,371,145,250
	0.68:1	0.69:1

The equity ratio is within the Company's acceptable range.

The Company has no externally imposed capital requirement. There were no changes in the Company's approach to capital management for the years ended March 31, 2018 and 2017.

25. EVENTS AFTER THE REPORTING PERIOD

On May 7, 2018, the BOD approved the appropriation of reserve fund in the amount of P221 million out of the total retained earnings of P481.90 million as at March 31, 2018 for the business expansion of the Company which is expected to continue for the next 4 years (see Note 13).

26. SUPPLEMENTARY INFORMATION REQUIRED UNDER REVENUE REGULATION (RR) NO. 15-2010 OF THE BUREAU OF INTERNAL REVENUE (BIR)

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRSs. Following are the tax information required for the taxable period ended March 31, 2018:

A. **VAT**

	Amount
Output VAT	**P40,008,553**
Basis of the Output VAT	
Vatable sales	**P333,404,606**
Exempt sales	**-**
Zero-rated sales	**3,143,965,842**
	P3,477,370,448

	Amount
Input VAT	
Beginning of the year	**P222,408**
Current year's domestic purchases:	
Domestic purchases of goods	
Importation of goods other than capital goods	
Domestic purchases of services	**240,825**
Total	**463,233**
Less: Input VAT applied the year	**342,611**
Balance at the end of the period	**P120,622**

Notes forming part of the Financial Statements

B. **Withholding Taxes**

	Amount
Withholding tax - compensation	P316,624,668
Withholding tax - expanded	20,665,652
Withholding tax - final	1,145,795
Fringe benefit tax	716,948
	P339,153,063

C. **All Other Taxes (Local and National)**

Details of the Company's other taxes and licenses and permits paid or accrued during 2018 are as follows:

	Amount
Charged to Cost of Services	
PEZA processing fee for local sales	P4,268,993
Charged to General and Administrative Expenses	
Permit fees	551,023
	P4,820,016

D. **Deficiency Tax Assessments and Tax Cases**

On January 10, 2018, the Company received a final assessment notice from BIR covering the year ended March 31, 2015 with details as follows:

Tax Type	Tax Due	Interest	Total Amount Due
Income tax	P8,131,780	P4,197,335	P12,329,115
Value added tax	261,803,975	146,753,681	408,557,656
Expanded withholding tax	21,235,081	12,077,816	33,312,897
Withholding tax on compensation	41,694,098	23,714,232	65,408,330
Total	P332,864,934	P186,743,064	P519,607,998

As at March 31, 2018, the Company has no tax cases.

Information on amounts of custom duties, tariff fees, excise taxes and documentary stamp taxes is not applicable since there are no transactions that the Company would be subjected to these taxes.

Tata Consultancy Services Japan, Ltd

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2018

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INDEPENDENT AUDITOR'S REPORT

(TRANSLATION)

TO THE BOARD OF DIRECTORS OF
TATA CONSULTANCY SERVICES JAPAN, LTD.

KPMG AZSA LLC
Yasuhisa Yajima (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shingo Iwamiya (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Tata Consultancy Services Japan, Ltd. as of March 31, 2018 and for the 22nd fiscal year from April 1, 2017 to March 31, 2018 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is 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 and the supplementary schedules.

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 and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Tata Consultancy Services Japan, Ltd. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act at the Company's responsibility.

Balance Sheet as of 31 March 2018

(TRANSLATION)

(In Millions of Yen)

Accounts	Amount	Accounts	Amount
(Assets)		**(Liabilities)**	
Current assets	**24,113**	**Current liabilities**	**13,568**
Cash and deposits	13,074	Accounts payable-trade	4,233
Notes and Accounts receivable	9,927	Lease obligations	82
Merchandise	189	Accounts payable-other	140
Supplies	28	Accrued expenses	3,060
Prepaid expenses	831	Accrued income taxes	984
Other current assets	68	Accrued consumption taxes	979
Provision for doubtful debts	(6)	Unearned revenue	733
		Advances received	9
		Provision for bonuses	2,779
		Provision for loss on contracts	303
Non-current assets	**6,821**	Other current liabilities	261
Tangible fixed assets	**1,775**		
Buildings	1,099	**Non-current liabilities**	**1,137**
Tools, furniture and fixtures	565	Lease obligations	159
Leased assets	70	Guarantee deposits received	180
Construction in progress	39	Asset retirement obligations	699
		Other non-current liabilities	97
Intangible fixed assets	**1,005**	**Total Liabilities**	**14,706**
Software	868	**(Equity)**	
Leased assets	131	**Shareholders' equity**	**16,228**
Software in progress	5	**Common stock**	**4,327**
		Capital surplus	**2,942**
		Legal capital surplus	2,352
Investments and other assets	**4,040**	Other capital surplus	590
Long-term prepaid expenses	143	**Retained earnings**	**8,958**
Guarantee deposits	1,300	Legal reserve	58
Deferred tax assets	2,568	Other retained earnings	8,900
Other non-current assets	26	Retained earnings brought forward	8,900
		Total Equity	**16,228**
Total Assets	**30,935**	**Total Liabilities and Equity**	**30,935**

(Amounts less than one million yen are rounded down)

Statement of Income From April 1, 2017 To March 31, 2018

(TRANSLATION)

(In Millions of Yen)

Accounts		Amount
Net sales		65,753
Cost of sales		47,849
GROSS PROFIT		17,903
Selling, general and administrative expenses		14,944
OPERATING INCOME		**2,958**
Non-operating income		
Other income	102	102
Non-operating expenses		
Interest expenses	4	
Foreign exchange losses	167	171
ORDINARY INCOME		**2,888**
Extraordinary loss		
Loss on disposals of fixed assets	65	65
INCOME BEFORE INCOME TAXES		**2,823**
Income taxes-current	1,192	
Income taxes-deferred	(226)	966
NET INCOME		**1,856**

(Amounts less than one million yen are rounded down)

Statement of Changes in Equity From April 1, 2017 To March 31, 2018

	Shareholders' Equity								Total Equity
	Common stock	Capital surplus			Retained earnings			Shareholders' Equity Total	
		Legal capital suplus	Other capital surplus	Total	Legal reserve	Other retained earnings – Retained earnings brought forward	Total		
Balance as of April 1, 2017	**4,327**	**2,352**	**590**	**2,942**	**58**	**7,785**	**7,843**	**15,113**	**15,113**
Changes during the period									
Dividends of surplus						**(741)**	**(741)**	**(741)**	**(741)**
Net income						**1,856**	**1,856**	**1,856**	**1,856**
Total Changes during the period						**1,115**	**1,115**	**1,115**	**1,115**
Balance as of March 31, 2018	**4,327**	**2,352**	**590**	**2,942**	**58**	**8,900**	**8,958**	**16,228**	**16,228**

(Amounts less than one million yen are rounded down)

Notes forming part of the Financial Statement

(TRANSLATION)

(Notes to Significant Accounting Policies)

1. VALUATION STANDARD AND METHOD OF INVENTORY (MERCHANDISE, SUPPLIES)

At cost determined by the specific identification method (The balance sheet amount has been determined at the lower of cost and net realisable value.)

2. DEPRECIATION METHOD OF FIXED ASSETS

(1) Tangible fixed assets excluding leased assets:

Straight-line method:	Major useful lives are as follows:
Buildings	5-10 years
Tools, furniture and fixtures	4-10 years

(2) Intangible fixed assets excluding leased assets

Software

Internal use: Straight-line method over the anticipated useful period (2-7 years)

(3) Leased assets

Finance leases that do not transfer ownership of leased assets to the lessee:

Depreciation is computed using the straight-line method based on the lease term or the applicable useful life of an owned fixed asset, whichever is shorter, with a residual value of zero.

3. PROVISION

(1) Provision for doubtful debts

The Company provides for possible credit losses stemming from monetary claims and other receivables. Estimates of irrecoverable amounts are determined by considering historical loan-loss ratios for general receivables and on consideration of recoverable amounts on a case-by-case basis in instances of suspected bad debt or other dubious accounts.

(2) Provision for bonuses

Provision for bonuses is recorded based on estimated bonus payment amounts.

(3) Provision for loss on contracts

In anticipation of loss arising from contracts, the excess of estimated cost over the project order amount is recorded for projects for which the loss is foreseeable and the amount can be reasonably estimated.

4. RECOGNITION OF REVENUES AND COSTS

With regard to construction contracts, the percentage-of-completion method is applied if a reliable estimation of the total costs on and revenues from a contract and percentage of completion at the balance sheet date is available. In applying this method the percentage of completion at the balance sheet date is estimated based on the costs incurred to date divided by the estimated total costs on the contracts. The completed-contract method is applied when the above conditions are not met.

5. ACCOUNTING TREATMENT OF CONSUMPTION TAX

Accounting treatment of consumption taxes is based on the tax exclusion method.

(Change in Presentation)

The Company adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018 (hereinafter, "Guidance No.28")) from the current fiscal year and changed the presentation of deferred tax assets and liabilities.

As a result, current portion of deferred tax assets is presented in investments and other assets, whereas current portion of deferred tax liabilities is presented in non-current liabilities.

Notes forming part of the Financial Statement

(TRANSLATION)

(Notes to Balance Sheet)

(In Millions of Yen)

1. FINANCIAL ASSETS AND LIABILITIES FROM/TO AFFILIATES:

Short-term financial assets	¥1,530 million
Long-term financial assets	¥21 million
Short-term financial liabilities	¥2,484 million

2. ACCUMULATED DEPRECIATION OF TANGIBLE FIXED ASSETS ¥6,644 million

The accumulated depreciation includes accumulated impairment losses.

(Notes to Statement of Income)

1. TRANSACTIONS WITH AFFILIATES

Operating transactions	
Net sales	¥21,991 million
Cost of sales	¥13,259 million
Selling, general and administrative expenses	¥1,021 million

(Notes to Statement of Changes in Equity)

1. NUMBER OF ISSUED SHARES AS OF THE END OF THE FISCAL YEAR

Common Stock	94,969 shares

2.DIVIDENDS

(1) Payments of dividends

Resolution	Type of shares	Source of dividends	Total amount of dividends (in Million Yen)	Dividends per share (in Yen)	Record date	Effective date
The Shareholders' Meeting on May 17, 2017	Common stock	Retained earnings	741	7,805	March 31, 2017	May 18, 2017

(2) Dividends for which the record date is in the year ended March 31, 2018, but for which the effective date is in the next fiscal year. During the shareholders' meeting on May 2018, resolution as follows is expected to be resolved:

Resolution	Type of shares	Source of dividends	Total amount of dividends (in Million Yen)	Dividends per share (in Yen)	Record date	Effective date
The Shareholders' Meeting on May 9, 2018	**Common stock**	**Retained earnings**	**928**	**9,774**	**March 31, 2018**	**May 10, 2018**

Notes forming part of the Financial Statement

(TRANSLATION)

(Notes to Tax Effect Accounting)

(1) Deferred tax assets and deferred tax liabilities

Provision for bonuses	¥ 851 million
Accrued expenses	655
Depreciation	476
Asset retirement obligation	214
Social security payable	165
Provision for loss on contracts	92
Accrued enterprise tax	77
Long-term prepaid expenses	59
Prepaid expenses	23
Inventory write-down	23
Accrued business establishment tax	19
Others	48
Deferred tax assets Subtotal	2,708
Valuation allowance	(26)
Deferred tax assets Total	2,681

(2) Deferred tax liabilities

Asset retirement obligation (assets)	(113)
Deferred tax liabilities Total	(113)
Net deferred tax assets	¥ 2,568

(Notes to Tax financial instruments)

(1) Policy on financial instruments

The Company makes efforts to limit credit risk of customers affecting notes receivable and accounts receivable in line with the Risk Management Rule and Risk Management Practice Rule.

(2) Fair value of financial instruments

Carrying value, fair value and the difference thereof as of March 31, 2018, are as follows:

(In Millions of Yen)

	Carrying value	Fair value	Difference
(1) Cash and deposits	13,074	13,074	-
(1) Notes and Accounts receivable)	9,927		
Provision for doubtful debts (*2)	(6)		
	9,921	9,921	-
(1) Guarantee deposits	1,104	1,102	(2)
(1) Accounts payable-trade	(4,233)	(4,233)	-
(1) Accrued income taxes	(984)	(984)	-
(1) Accrued consumption taxes	(979)	(979)	-

(*1) Liabilities are shown in parentheses.
(*2) Provision for doubtful debts is subtracted from Notes and Accounts receivable.

Notes forming part of the Financial Statement

(TRANSLATION)

(Note 1) Fair value calculation method for financial products and marketable securities

(1) Cash and deposits

(2) Notes and Accounts receivable are settled in short term and the fair value approximates the book value. Thus, the book value is applied.

(3) The fair value of guarantee deposits is calculated by using the estimated discount rate based on the forecasted redemption period.

(4) Accounts payable-trade,

(5) Accrued expenses,

(6) Accrued income tax

(7) Accrued consumption tax are settled in short term and the fair value approximates the book value. Thus, the book value is applied.

(Note 2) Guarantee deposits

As it is difficult to reasonably estimate the timing of the end of a lease and assess the fair value of guarantee deposits for certain lease contracts (¥ 196 million on the B/S), such guarantee deposits are not included in (3) Guarantee deposits.

(Notes to Transactions with Related Parties)

1. Parent Company

(In Millions of Yen)

Attribute	Name	Voting Rights	Relationship	Transaction Details	Transaction Amount	Accounts	Balance at end of period
Parent	Tata Consultancy Services Limited	51% indirectly owned	System Development consignment, Co-headed directors	Receiving of services	12,492	Accounts payable-trade	2,289

Transaction terms and decision policies

(Note) Ordinary transaction terms are the same as those of other third parties.

2. Affiliates

(In Millions of Yen)

Attribute	Name	Voting Rights	Relationship	Transaction Details	Transaction Amount	Accounts	Ending balance
Other affiliate	Mitsubishi Corporation	49% directly owned	System Development Turnkey, Co-headed Directors	Net sales	21,925	Accounts receivable	1,397
Subsidiary of Other affiliate	Metal One Corporation	N/A	System Development Turnkey	Net sales	2,757	Accounts receivable	433

Transaction terms and decision policies

(Note) Ordinary transaction terms are the same as those of other third parties.

(Notes to Per Share Information)

1. **Net assets per share** ¥ 170,886
2. **Net income per share** ¥ 19,548

Notes forming part of the Financial Statement

(TRANSLATION)

1. Tangible fixed assets and Intangible fixed assets

(In Millions of Yen)

Category	Asset type	Beginning book value	Increase for the period	Decrease for the period	Depreciation for the period	Ending book value	Accumulated depreciation	Ending acquisition cost
Tangible fixed assets	Buildings	1,342	44	8	278	1,099	2,362	3,462
	Tools, furniture and fixtures	876	304	13	601	565	4,151	4,717
	Leased assets	136	3	1	67	70	129	200
	Construction in progress	4	39	4	-	39	-	39
	TOTAL	2,358	391	27	948	1,775	6,644	8,419
Intangible fixed assets	Software	1,772	41	37	907	868		
	Lease assets	171	-	-	40	131		
	Software in progress	9	5	9	-	5		
	TOTAL	1,953	46	46	947	1,005		

1. The increase of ¥ 18 million of Buildings, ¥ 183 million of Tools, furniture and fixtures, and ¥ 6 million of Software is for the construction of Cloud platform.
2. Accumulated depreciation of Tools, furniture and fixtures includes ¥ 7 million of accumulated impairment loss.

2. Details of provisions

(In Millions of Yen)

Division	Beginning balance	Increase for the period	Decrease for the period	Ending balance
Provision for doubtful debts	-	6	-	6
Provision for bonuses	2,476	2,779	2,476	2,779
Provision for loss on contracts	4	303	4	303

The basis for accounting and calculation is stated in "3. Provision" under "Notes to the significant accounting policies".

3. Selling, general and administrative expenses

Accounts	**Amount**
Employee salary	6,081
Employee retirement benefit expenses	252
Employee bonuses	1,163
Welfare benefits	1,613
Office expenses	1,518
Depreciation and amortization	614
Travel expenses	467
Entertainment	58
Office supplies	33
Information processing	647
Commissioned services	1,307
Tax and public charge	420
Advertising & publicity	94
Provision for doubtful debts	6
Others	665
Total	14,944

TATA CONSULTANCY SERVICES ITALIA SRL

Annual Report and Financial Statements
For the year ended
March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

CONTENT	PAGE

REPORT OF THE DIRECTORS OVER THE PERIOD ENDED ON 31/03/2018

TO THE SOLE SHAREHOLDER,

Compliant to the provisions of Art. 2428 of Civil Code, the Report of the Board of Directors, the management report and the results for the period ended on 31/03/2018 given below true and fair and exhaustive account about the state of the company, its management and its results as well as about the activities performed by the company during the current business year; the Report also provides information about the risks which the company is exposed to.

COMPANY ACTIVITIES

The company provides IT consultancy services and solutions. The broad range of services enables the company to provide comprehensive and high value added services to its clients.

The Company is owned 100% by Tata Consultancy Services Netherlands B.V. with legal seat at Amsterdam, European headquarter of the holding company Tata Consultancy Services Limited, located at Mumbai (India). The sole shareholder also provides management and coordination activity. The group structure did not change during the previous year.

The company's headquarter and legal office is in MILAN. The Company structure includes the following operating units based in Via Panciatichi, 31, Florence and in via Giovanni Verga, 12, Maranello (MO).

COMPANY PERFORMANCE

The financial statements submitted for your approval show a profit of Euros 919.736; the main factors influencing the annual result are as follows:

- improvement in operating profitability;
- increase in revenues;
- reduction of operating costs.

The tables below summarize the balance of assets and the company's performance over the period, outlining the factors above mentioned:

(EUR)

Balance Sheet	Previous financial year	**Difference**	**Current financial year**
Fixed assets	37.969	20.936	**58.905**
Current assets	16.016.135	5.373.893	**21.390.028**
Accruals and deferrals	130.478	107.992	**238.470**
TOTAL ASSETS	16.184.582	**5.502.821**	**21.687.403**
Net worth:	366.927	919.734	**1.286.661**
- of which operating profit (loss)	296.683	623.053	**919.736**
Contingency funds for risks and future	8.929	189.398	**198.327**
Severance pay	661.996	144.324	**806.320**
Short term debts	14.780.537	3.471.898	**18.252.435**
Accruals and deferrals	366.193	777.467	**1.143.660**
TOTAL LIABILITIES	16.184.582	**5.502.821**	**21.687.403**

(EUR)

Description	Previous financial year balance	% of revenue	**Current financial year balance**	**% of revenue**
Revenue from typical operations	42.348.852		**43.733.182**	
Variation in stocks of products currently being processed, semi-finished and finished products and fixed assets increase				
Purchases and variation in stocks of raw materials, ancillary materials, consumables and goods	2.471	0,01	**65.829**	**0,15**
Costs for services and for use of third party assets	31.522.153	74,43	**31.902.602**	**72,95**
ADDED VALUE	10.824.228	25,56	**11.764.751**	**26,90**
Revenue from ancillary operations	356.639	0,84	**519.287**	**1,19**
Cost of labor	9.816.386	23,18	**9.987.684**	**22,84**
Other operating costs	106.479	0,25	**32.468**	**0,07**
GROSS OPERATING MARGIN	1.258.002	2,97	**2.263.886**	**5,18**
Depreciations, write-offs and other appropriations	13.303	0,03	**16.911**	**0,04**
ORDINARY RESULTS	1.244.699	2,94	**2.246.975**	**5,14**
Financial charges and proceeds and value adjustments to financial assets and liabilities	80.361	0,19	**-176.607**	**-0,40**
PRE-TAX RESULT	1.325.060	3,13	**2.070.368**	**4,73**
Income tax	1.028.377	2,43	**1.150.632**	**2,63**
OPERATING POFIT (LOSS)	296.683	0,70	**919.736**	**2,10**

Below are comments over several areas of the company's overall performance.

MACROECONOMIC TREND AND MARKET CONDITIONS

We are seeing that Italy market is opening up. Companies are trying to do new projects especially to grow the business in digital era as well as they are trying to focus on cost reduction of their operations.

In Italy in recent quarters consumption has started to grow in extent, in line with the trend in disposable income supported by the measures taken by the Government. Their contribution to economic growth was offset by a decline in investment, held down by a large margin of spare capacity, by the high uncertainty about demand prospects.

According to projections of the Bank of Italy, the Italian economy will grow modestly this year, more sustained next: in the central scenario would be around 0.4 and 1.2 percent, respectively. Remains large uncertainty around these values. It will be crucial in the strength of the recovery in investment spending; a rapid improvement in demand prospects and financial condition could increase it, despite the high degree of spare capacity.

However, the company's IT sector shows a trend which is different to the general conditions and which is favorable.

MARKET STRATEGY

The target market of your company is software consultancy. The target customer group did not experience any particular changes during the year. In fact, the markets in which Tata Consultancy Services Italia Srl is engaged, are traditional ones in which the ultimate Indian parent company is well recognized worldwide.

The Company has a prestigious pool of clients including the best Italian companies.

Sales by country are detailed below:

(EUR)

Geographic area	Previous financial year balance	**Current financial year balance**	**Variation**	**Var. %**
Italy	36.814.856	**36.509.534**	**121.628**	**0,33**
Europe	4.252.966	**6.391.699**	**1.711.783**	**40,25**
Rest of the world	1.281.030	**831.949**	**-449.081**	**-35,06**
Totals	42.348.852	**43.733.182**	**1.384.330**	

Sales expenditure split by cost category is shown below:

Category	Domestic	European Market	Foreign Countries
Advertising	43.683		
TOTAL	**43.683**		

OPERATIONAL STRATEGY

The company operations are located mainly in Milan, Turin, Mogliano, Maranello, Genova and Florence. During 2017-2018 the structure of the Company's operations has been significantly expanded. New clients were acquired.

The sole existing operating units are located in Florence and Maranello (MO).

INVESTMENT STRATEGY

During the financial year the Company did not make any significant investment. The main investment is related to the purchase of laptop to be used by the engineers. The following table summarize the investment:

Investment in tangible fixed assets	**Financial year purchases**
Other assets: office equipment	**37.847**
TOTAL	**37.847**

FINANCIAL STRUCTURE AND STRATEGY

The company net financial position is detailed below:

(EUR)

Description	Previous financial year	**Variation**	**Current financial year**
a) Short term assets			
Bank deposits	1.341.288	195.591	**1.536.879**
Other short term assets	14.659.817	-14.659.817	
LIQUID ASSETS AND SECURITIES FROM CURRENT ASSETS	16.001.105	**-14.464.226**	**1.536.879**
b) Short term liabilities			
Other short term liabilities	14.780.536	-14.780.536	
SHORT TERM FINANCIAL PAYABLES	14.780.536	-14.780.536	
NET SHORT TERM FINANCIAL POSITION	1.220.569	**316.310**	**1.536.879**
c) Medium/long term assets			
Other non-commercial receivables	15.030	-15.030	
TOTAL MEDIUM/LONG TERM ASSETS	15.030	**-15.030**	
d) Medium/long term liabilities			
TOTAL MEDIUM/LONG TERM LIABILITIES			
NET MEDIUM AND LONG TERM FINANCIAL POSITION	15.030	-15.030	
NET FINANCIAL POSITION	1.235.599	**301.280**	**1.536.879**

Following tables show a reclassification of the Balance Sheet on the basis of liquidity use and sources.

Uses	**Value**	**% on the uses**
Immediate liquidity	**1.536.879**	**7,09**
Deferred liquidity	**20.091.619**	**92,64**
Current assets	**21.628.498**	**99,73**
Tangible fixed assets	**58.905**	**0,27**
Fixed assets	**58.905**	**0,27**
Total uses	**21.687.403**	**100,00**

Sources	Values	% on the sources
Current liabilities	19.396.095	89,43
Consolidated liabilities	1.004.647	4,63
Capital of third parties	**20.400.742**	**94,07**
Share capital	100.000	0,46
Accumulated funds and profits (losses)	266.925	1,23
Current year profit (loss)	919.736	4,24
Equity	**1.286.661**	**5,93**
Total sources	**21.687.403**	**100,00**

In compliance with the provisions of art. 2428 par. 2 of the Civil Code, we point out the main financial and non-financial indicators of results.

Structural indexes	Meaning	Previous financial year	Current financial year	Comment
Primary structure ratio	The index measures the capacity of the company's financial structure to cover long term investments with its own resources.	9,66	**21,84**	Company's own resources are sufficient to cover long term investments.
Net worth ---------------------- Financial year fixed assets				
Secondary structure ratio	The index measures the capacity of the company's financial structure to cover long term with long term sources.	27,33	**38,90**	Lon term sources and long term investments are in temporal balance.
Net worth + Consolidated liabilities ---------------------- Financial year fixed assets				

Patrimonial and financial indexes	Meaning	Previous financial year	Current financial year	Comment
Leverage (financial dependence)	The index measures the intensity of use of indebtedness to cover invested capital.	44,11	**16,86**	The company does not use third parties financing (for example financial institutions).
Invested capital ---------------------- Net worth				
Flexibility of the uses	It allows to better define the percentage mix of uses, which depends substantially on the kinds of activity of the company and on the flexibility level of the business structure. The more flexible the structure of the uses is, the greater the capacity of the business to adapt itself to the changeable market conditions.	99,77	**99,73**	The invested capital corresponds almost totally to circulating assets. This demonstrates that the Company's structure is flexible and reflects the characteristics of the business activity.

Patrimonial and financial indexes	Meaning	Previous financial year	Current financial year	Comment
Circulating assets ---------------------- Invested capital				
Total debt ratio	The index represents the equilibrium degree of the financial sources.	43,11	**15,86**	Third parties financing refers to group's internal sources.
Third party financing --------------------- ---- Net worth				

Managerial indexes	Meaning	Previous financial year	Current financial year	Comment
Personnel efficiency	The index shows the personnel productivity, calculated as the ratio between the net operating revenue and the cost of personnel.	4,31	**4,38**	
Net operating revenue -------------------- ----- Financial year cost of personnel				
Days' payables outstanding	The index measures, in days, the commercial extension received from the suppliers.	33	**34**	
Payables with Suppliers * 365 -------------------- ----- Financial year purchases				
Days' sales in receivable	The index measures, in days, the commercial extension offered to customers.	103	**113**	The corporate policy provides that, on average, the days of commercial extension offered to customers are equal to 60. In addition, it is reported that during the year some of the most important customers of the Company have asked commercial extensions.
Receivables with Customers * 365 -------------------- ----- Net operating revenue				

Liquidity indexes	Meaning	Previous financial year	Current financial year	Comment
Quick ratio	The index measures the degree of coverage of short term payables by assets presumably collectible in the short term.	1,07	**1,11**	It is equal to the availability rate, since the Company has no stock. There is a good relation between the sources and the uses of the financial resources, in fact the current assets are able to cover the current liability on time.
Prompt liquidity + deferred liquidity ------------------------ Short term period payables				

Profitability indexes	Meaning	Previous financial year	Current financial year	Comment
Return on sales (R.O.S.)	The index measures the percentage efficiency of current operations with respect to sales.	2,94	**5,14**	
Financial year operating result ------------------------ Net operating revenue				
Return on investment (R.O.I.)	The index offers a summary percentage measurement of the economics of current operations and the capacity of the company to self-finance irrespective to the choices of the financial structure.	7,69	**10,36**	
Financial year operating result ------------------------ Financial year invested capital				
Return on Equity (R.O.E.)	The index offers a summary percentage measurement of the global economics of company operation as a whole and on the capacity to finance the owner's equity.	80,86	**71,48**	
Financial year operating result ------------------------ Net worth				

INFORMATION ABOUT THE ENVIRONMENT

At present the commitment about social and territory responsibility is an integral part of its principles and behaviors, which are oriented towards technology excellence, maintenance of high security levels, environmental protection and energy effectiveness as well as towards the training, the sensitization and involvement of the personnel as far as social responsibility matters are concerned.

Therefore the company's environmental strategy is based upon the following principles:

- optimize the use of renewable energy and natural resources;
- minimize negative environmental impacts and maximize positive ones;
- spread a correct approach to environmental culture;
- achieve continuous improvement in environmental performances;
- adopt purchasing politics in respect of environmental issues.

Particularly the following initiatives were undertaken during the year:

- Scrupulous separate waste collection to improve recycling: plastic, organic, aluminum, glass, toner;
- All the paper used to print is Eco-compatible and could be disposed via WC.

ENVIRONMENTAL LITIGATION

At the moment the Company is not involved in any civil or criminal litigation with third parties for damages caused to the environment or environmental crimes.

INFORMATION ABOUT THE PERSONNEL

SAFETY

The Company operates in its environment in accordance with the provisions of Decree-Law 81/08 for workers safety.

Activities in this area include:

- train employees and collaborators;
- recurrent medical examinations;
- organize and train safety intervention teams provided by law;
- permanent corporate monitoring from RSPP;
- preparation and distribution of documents regarding Decree-Law 81/08.

Particularly the following initiatives were undertaken during the year:

- update risk assessment documents;
- update and edit of procedures regarding safety and health at work;
- training course for n.17 new employees.

INJURIES

During the year no injuries occurred to employees.

LITIGATION

Currently the Company is not involved in any litigation of any kind with employees or former employees.

With reference to the employed personnel we report following data:

- n. 52 men and n. 15 women are employed with a permanent contract;
- the average length of employment is 3 years;
- n.17 employees was hired during the year.

DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES WHICH MAY HAVE AN IMPACT ON THE COMPANY

In the course of its business activities, the Company is exposed to risks and uncertainties arising from exogenous factors related to the overall macroeconomic framework or the specific environment the Company operates in, as well as risks related to strategic decisions and internal risk management.

The identification and mitigation of these risks were carried out on a regular basis through consistent monitoring and the process is continuously improved and adapted to the changing global risk scenario.

The Company can count on a central risk management, although it allows its supervisors to take care of identification, monitoring and mitigation of the risks themselves. The aim is to estimate the impact of each risk according to going concern premises, reduce risks' occurrence and/or moderate their effect in proportion to the determining factor (controllable by the Company or not).

On the topic of business risks, the main risks identified, monitored and managed by the company are as follows:

- risks dependent on exogenous variables;
- risk related to competitiveness;
- risks related to the demand / macro-economic cycles.

RISKS DEPENDENT ON EXOGENOUS VARIABLES

The company is exposed to foreign exchange risk as it deals in multi currencies. However, the risk is hedged to a great extent as the expenses are incurred in the respective foreign currency.

RISK RELATED TO COMPETITIVENESS

The company operates in highly competitive industry, which is reflected in intense price competition of products and services.

RISK RELATED TO OVERALL ECONOMIC DEVELOPMENT

In the course of its business activities, the Company is exposed to risks and uncertainties arising from exogenous factors related to the overall macroeconomic framework and the consequent reduction in IT spending by the companies, in containing their costs, could impact the Company's business.

INFORMATION EX ART. 2428 C. 6 BIS

The company does not have investments in financial activities.

AIMS AND POLICIES ON FINANCIAL RISK MANAGEMENT

The Company aims to contain financial risks through a control system managed by the Executive Board and monitored by internal auditors.

COMPANY'S EXPOSURE TO RISKS

CREDIT RISK

The Company has a policy to extend credit terms, on an average 60 days, after carefully considering the credit worthiness of its clients based on reports obtained from Credit Rating Agencies.

Doubtful debts represents the 2% of the total amount of all receivables towards customers. The Company has a good portfolio of clients and carries on careful checks on the clients credit worthiness. It is specified that, as per company policy, the receivables considered in the doubtful/ bad debts are those which have remained unrealized beyond 9 months.

LIQUIDITY RISK

Policy of the company is to manage accurately its spare funds, using tools able to schedule revenues and expenditures. The company intends to maintain liquidity reserves in order to avoid liquidity risk.

TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATED AND PARENT COMPANIES AND OTHER GROUP COMPANIES

Throughout the period ended 31th March 2018 the Company held commercial relations with companies of the Group.

Contract terms have been negotiated according to market conditions and do not give rise to significant advantages to any of the parties involved. Intercompany transactions are made at arm's length value.

The amount of the intercompany trade relations are listed below:

(EUR)

Entities	Revenues for services	Costs for services	Receivables	Payables
Tata America International Corporation	1.365.588	-	553.043	56.006
Tata Consultancy Services Luxembourg S.A.	11.869		11.869	-
Tata Consultancy Services Asia Pacific Pte Ltd	-	7.807	-	-
Tata Consultancy Services Thailand Limited	-	16.352	-	17.382
Tata Consultancy Services Belgium N.V./S.A.	249.051	58.110	118.178	30.569
Tata Consultancy Services Deutschland GmbH	872.732	-	110.137	26.366
Tata Consultancy Services France S.A.S	194.700	34.814	10.996	21.525
Tata Consultancy Services Limited	333.183	23.932.023	1.345.590	10.825.904
Tata Consultancy Services Netherland BV	465.632	87.304	85.909	67.820
Tata Consultancy Services Osterreich GmbH	1.041.381	-	75.630	1.200
Tata Consultancy Services Sverige AB	149.693	38.478	8.052	22.162
Tata Consultancy Services Switzerland Ltd	758.676	43.643	33.212	21.176
Tata Consultancy Services Espana SA	220.328	75		8.926
Tata Consultancy Services Saudi Arabia		32.568		32.568
Total	**5.662.832**	**24.251.175**	**2.352.617**	**11.131.605**

INFORMATION CONCERNING THE ACTIVITY OF DIRECTION AND COORDINATION

Compliant with the dispositions of Art. 2497 et seq. of the Civil Code, we communicate that the Company is subject to the direction and coordination of the Company TATA CONSULTANCY SERVICES NETHERLANDS BV.

Compliant with art. 2497-bis, par. 4, Civil Code, in the notes to the financial we reported a summary of the essential data of the last balance as at 31th March 2017 of the Company that exerts the activity of direction and coordination.

Moreover the Company fulfilled its obligation required under article 2497-bis, par.1 of the Civil Code, as it reported on acts and correspondence its subjection to the direction and coordination of the Company TATA CONSULTANCY SERVICES NETHERLANDS BV.

Decisions have not been affected by the direction and coordination by TATA CONSULTANCY SERVICES NETHERLANDS B.V.

TRADE RELATIONS AND OTHERS

(EUR)

Description	TCS Netherlands BV
Receivables	85.909
Payables	67.820
Costs for services	87.304
Revenues for services	465.632

With reference to the established relations we underline that the operations are performed at market terms.

Finally, we state that no decision was influenced by the activity or direction and coordination of the Company TATA CONSULTANCY SERVICES NETHERLANDS BV.

OWN SHARES AND INVESTMENT IN PARENT COMPANIES

Compliant with Article 2428 c.2 p.3 and 4 of the Civil Code the Company holds no own shares or investment in Parent companies.

FORESEEABLE DEVELOPMENTS BY THE END OF THE PERIOD

According to the available information the subsequent year result is expected to be in line with the current year.

Milan, 17th May, 2018

KARKARIA PAUROOSASP	MUKHERJEE AJOYENDRA	GAITONDE PRADEEP MANOHAR
The Directors	**The Directors**	**The Directors**

Unitary Report of the Board of Statutory Auditors to the shareholder

TO THE SHAREHOLDERS' MEETING OF
TATA CONSULTANCY SERVICES ITALIA S.R.L.

Introduction

On the basis of the mandate granted by the company Tata Consultancy Services Italia S.r.l. (hereinafter the "Company"), the Board of Statutory Auditors has performed in the year closing on March 31, 2018, both the functions provided for in Article 2403 et seq. of the Italian Civil Code and the statutory audit functions provided for in Article 2409-bis of the Italian Civil Code.

This unitary report includes in section A) the "Report of the independent auditor pursuant to Article 14 of Legislative Decree No. 39 of 27 January 2010" and in section B) the "Report pursuant to Article 2429, paragraph 2 of the Italian Civil Code".

It is recalled that the Board of Statutory Auditors was appointed in its current composition by the ordinary shareholders' meeting of June 23, 2017, and it will remain in office until the approval of the Company's financial statements as at March 31, 2020; the statutory audit of the Company is also entrusted to the same.

The Board of Directors has made available the following documents approved on 03rd May 2018, relating to the financial statement at March 31, 2018: financial statements (Balance Sheet, Income Statement and Cash Flow Statement), explanatory note and Management report.

The Statutory Auditors have renounced the terms of communication of the financial statements pursuant to Article 2429, paragraph 1, of the Italian Civil Code.

A) Report of the independent auditor pursuant to Article 14 of Legislative Decree No. 39 of 27 January 2010

Report on the financial statements

Opinion

We have carried out the statutory audit on the Company's financial statements, consisting of the balance sheet as at March 31, 2018, the income statement, the cash flow statement for the year closing on that date and the explanatory notes.

In our opinion, the financial statements gives a true and fair view of the financial position of the Company at March 31, 2018 and the net income and the cash flow for the year ending on that date, in accordance with Italian legislation on the criteria for their preparation.

Elements underlying the opinion

We conducted our statutory audit in accordance with international auditing standards (ISA Italia). Our responsibilities pursuant to these principles are further described in the section Responsibility of the auditor for the financial statement of this report. We are independent of the Company in compliance with the rules and principles on ethics and independence applicable in the Italian legal system for auditing the financial statements.

We consider that the audit evidence obtained is sufficient and appropriate to provide our opinion.

Responsibility of directors and Board of Statutory Auditors for the financial statements

The directors are responsible for filing a financial statement that provides a true and fair view in accordance with Italian legislation governing its preparation and according to the terms provided for by the law, for such internal control necessary to enable the preparation of a financial statement free from material misstatements whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue operating as an operating entity and, in drafting the financial statements, for the appropriateness of the use of the assumption of business continuity, as well as for adequate disclosure in matter. The directors use the assumption of business continuity in the preparation of the financial statements unless they have assessed that the conditions for the liquidation of the Company or for the interruption of the activity exit or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for supervising, within the terms provided by law, the process of preparing the Company's financial disclosure.

Responsibility of the auditor for the financial statements

Our objectives are the acquisition of reasonable assurance that the financial statements as a whole do not contain significant errors, due to fraud or unintentional behavior or events, and the issuance of an audit report that includes our opinion. Reasonable security means a high level of security which, however, does not provide the assurance that a financial audit carried out in accordance with ISA Italia international auditing standards will always identify a significant error, if this exists. Errors can result from fraud or unintentional behavior or events and they are considered significant if it can reasonably be expected that they, individually or as a whole, are able to influence the economic decisions made by the users on the basis of the financial statements.

As part of the financial audit carried out in accordance with ISA Italia international auditing standards, we have exercised professional judgment and maintained professional scepticism throughout the financial audit. Furthermore:

@ we have identified and assessed the risks of material misstatement in the financial statements due to fraud or unintentional behavior or events; we have defined and performed audit procedures in response to these risks; we have acquired sufficient and appropriate audit evidence on which to base our judgment. The risk of not identifying a significant error due to fraud is higher than the risk of not identifying a significant error deriving from unintentional behavior or events, since fraud can imply the existence of collusion, falsification, intentional omission, misleading representations or forcing internal control;

@ we have acquired an understanding of the internal control relevant for auditing purposes in order to define appropriate audit procedures in the circumstances and not to express an opinion on the effectiveness of the internal control of the company;

@ we have assessed the appropriateness of the accounting principles used and the reasonableness of accounting estimates made by the directors, including the related disclosure;

@ we have come to a conclusion on the appropriateness of the use by the directors of the assumption of business continuity and, considering the audit evidence, on the possible existence of significant uncertainty regarding events or circumstances that may give rise to significant doubts about the ability of the company to continue operating as an operating entity. In the presence of significant uncertainty, we are obliged to draw attention to the audit report on the related disclosures in the financial statements, or, if such disclosure is inadequate, to reflect this fact in the formulation of our opinion. Our conclusions are based on the audit evidence obtained up to the date of this report. However, subsequent events or circumstances may result in the Company ceasing to operate as an operating entity;

@ we have assessed the presentation, structure and content of the financial statements as a whole, including the disclosure, and whether the financial statements represent the underlying transactions and events in order to provide a correct representation;

@ we have communicated to the managers of the governance activities, identified at an appropriate level as required by the ISA Italia, among other aspects, the scope and timing planned for the audit and the significant results that emerged, including any significant deficiencies in the internal control identified during the financial audit.

Report on other legislative and regulatory provisions

The directors are responsible for preparing the Company's management report as at March 31, 2018, including its consistency with the related annual financial statements and its compliance with the law.

We have followed the procedures required in auditing standard (ISA Italia) No. 720B in order to express an opinion on the consistency of the directors' report, which is the responsibility of directors, with the financial statements of the Company as at March 31 2018 and on compliance with the law, as well as to make a declaration on any significant errors.

In our opinion, the directors' report is consistent with the financial statements of the Company as at March 31, 2018 and it is prepared in accordance with the law.

With reference to the declaration pursuant to Article 14, paragraph 2, let. e), of Legislative Decree 39/2010, issued on the basis of the knowledge and understanding of the Company and the relative context acquired during the audit activities, we have nothing to report.

B) Report on supervisory activities pursuant to Article 2429, paragraph 2, of the Italian Civil

During the financial statement as at March 31, 2018, our activity was inspired by the provisions of the law and the rules of conduct of the Board of Statutory Auditors issued by the National Council of Chartered Accountants and Accounting Experts, in respect of which we carried out the self-assessment, with a positive result, for each member the Board of Statutory Auditors.

B1) Supervisory activities pursuant to Article 2403 et seq. of the Italian Civil Code

We've monitored compliance with the law and the bylaws and compliance with the principles of correct administration.

We have participated in the shareholders' meetings and the meetings of the board of directors, in relation to which, on the basis of the information available, we have not detected violations of the law and the bylaws, nor manifestly imprudent, risky transactions in potential conflict of interest or such as compromise the integrity of the company's assets.

We've acquired from the financial director, during the meetings held, information on the general performance of the management and its foreseeable evolution, as well as on the most significant transactions, due to their size or characteristics, carried out by the company and, on the basis of information acquired, we did not have particular observations to report.

We have acquired knowledge and supervised, as far as we are responsible, on the adequacy and functioning of the Company's organizational structure, also by collecting information from the heads of the departments and in this regard we have no particular observations to report.

We have acquired knowledge and supervised, as far as we are responsible, on the adequacy and functioning of the administrative-accounting system, as well as on the reliability of the latter to correctly represent the management facts, by obtaining information from the heads of the functions and the examination of company documents, and in this regard, we have no particular observations to report.

No complaints were received from the shareholders pursuant to Article 2408 of the Italian Civil Code.

During the year no opinions provided by the law were issued by the Board of Statutory Auditors.

During the course of the supervisory activity, as described above, no other significant facts emerged such as to be worthy of mention in this report.

B2) Observations on the financial statements

As far as we're aware, the administrative body has not departed from the provisions of law established at Article 2423, paragraph 4, of the Italian Civil Code. The results of the statutory audit of the financial statements performed by this Board are set out in Section A of this report.

B3) Observations and proposals on the approval of the financial statements

In view of the results of the activities performed by us, the Board of Statutory Auditors proposes to the shareholders' meeting to approve the financial statements at March 31, 2018, as prepared by the directors.

The Board of Statutory Auditors agrees with the proposed allocation of the operating result made by the directors in the explanatory notes.

Milan, 17th May, 2018

Board of Statutory Auditors
The Chairman – Raffaella Pagani
The Statutory Auditor - Davide Attilio Rossetti
The Statutory Auditor – Sergio Pagani

General information about the company

Name		ID Code
Company name	:	TATA CONSULTANCY SERVICES ITALIA SRL a socio unico
Company site	:	Corso Italia 1 20122 MILANO MI
share capital	:	100.000
Fully paid-in share capital	:	yes
Registration Authority id code	:	Milano
VAT number	:	04083450967
Fiscal code	:	04083450967
Registation number	:	1723756
Legal form	:	Societa' a responsabilita' limitata con socio unico
Activity Code	:	620200 Consulenza nel settore delle tecnologie dell'informatica
Company being wound up	:	no
Company with a single shareholder	:	yes
Company subject to the management and coordination of others	:	yes
Name of the company or entity that exercises management and coordination	:	TATA CONSULTANCY SERVICES NETHERLANDS BV
belonging to a group	:	yes
Name of the controlling entity	:	TATA CONSULTANCY SERVICES LIMITED
Country of the controlling entity	:	MUMBAI-INDIA
Cooperative company Registration number	:	

Balance Sheet as at March 31, 2018 and 2017

(EUR)

	31-03-2018	31-03-2017
ASSETS		
B) Fixed assets		
II Tangible fixed assets		
1) land and buildings	**0**	0
2) plant and machinery	**0**	0
3) industrial and commercial equipment	**0**	0
4) other assets	**58.905**	37.969
5) assets under construction and payments on account	**0**	0
Total tangible fixed assets	**58.905**	37.969
Total fixed assets (B)	**58.905**	37.969
C) Current assets		
II Receivables		
1) trade accounts		
due within the following year	**13.541.057**	11.936.535
due beyond the following year	**0**	-
Total trade accounts	**13.541.057**	11.936.535
2) due from subsidiary companies		
due within the following year	**0**	-
due beyond the following year	**0**	-
Total receivables due from subsidiary companies	**0**	0
3) due from associated companies		
due within the following year	**0**	-
due beyond the following year	**0**	-
Total receivables due from associated companies	**0**	0
4) due from parent companies		
due within the following year	**1.431.500**	976.446
due beyond the following year	**0**	-
Total receivables due from parent companies	**1.431.500**	976.446
5) receivables due from companies controlled by parent companies		
due within the following year	**921.118**	771.334
due beyond the following year	**0**	-
Total receivables due from companies controlled by parent companies	**921.118**	771.334
5b) tax receivables		
due within the following year	**98.404**	0
due beyond the following year	**0**	-
Total receivables due from tax authorities	**98.404**	0
5c) prepaid tax	**68.778**	55.688
5d) other receivables		
due within the following year	**3.655.257**	919.814
due beyond the following year	**137.035**	15.030
Total receivables due from third parties	**3.792.292**	934.844
Total receivables	**19.853.149**	14.674.847
IV Liquid funds		
1) bank and post office deposits	**1.536.879**	1.341.288
2) cheques	**0**	0
3) cash and equivalents on hand	**0**	0
Total liquid funds	**1.536.879**	1.341.288
Total current assets (C)	**21.390.028**	16.016.135

(EUR)

	31-03-2018	31-03-2017
D) Accrued income and prepayments	**238.470**	130.478
TOTAL ASSETS	**21.687.403**	16.184.582
LIABILITIES AND SHAREHOLDERS' EQUITY		
A) Shareholders' equity		
I Share capital	**100.000**	100.000
II Share premium reserve	**0**	0
III Revaluation reserves	**0**	0
IV Legal reserve	**20.000**	20.000
V Statutory reserves	**0**	0
VI Other reserves, indicated separately		
Extraordinary reserve	**0**	0
Reserves from exceptions as per art. 2423 Civil Code	**0**	0
Shares reserve of the parent entity	**0**	0
Investment revaluation reserve	**0**	0
Contributions for capital increase	**0**	0
Contributions for future capital increase	**0**	0
Contributions to capital account or to cover previous losses	**0**	0
Contributions to cover losses	**2.100.000**	2.100.000
Capital reduction reserve	**0**	0
Merger surplus reserve	**0**	0
Reserve from exchange gains not redeemed	**0**	0
Reserve from current profit adjustments	**0**	0
Miscellaneous other reserves	**(3)**	(1)
Total other reserves	**2.099.997**	2.099.999
VII Reserve for hedging expected cash flow operations	**0**	0
VIII Retained earnings (accumulated losses)	**(1.853.072)**	(2.149.755)
IX Net profit (loss) for the year	**919.736**	296.683
Minimised loss for the year	**0**	0
X Negative reserve for own portfolio shares	**0**	0
Total shareholders' equity	**1.286.661**	366.927
B) Reserves for contingencies and other charges		
1) pension and similar commitments	**0**	0
2) taxation	**198.233**	0
3) passive derivative financial instruments	**0**	0
4) other	**94**	8.929
Total reserves for contingencies and other charges	**198.327**	8.929
Total reserve for severance indemnities (TFR)	**806.320**	661.996
D) Payables		
1) bonds		
due within the following year	**0**	-
due beyond the following year	**0**	-
Total bonds	**0**	0
2) convertible bonds		
due within the following year	**0**	-
due beyond the following year	**0**	-
Total convertible bonds	**0**	0
3) due to partners for financing		
due within the following year	**0**	-
due beyond the following year	**0**	-
Total payables due to partners for financing	**0**	0
4) due to banks		
due within the following year	**0**	-
due beyond the following year	**0**	-
Total payables due to banks	**0**	0

(EUR)

	31-03-2018	31-03-2017
5) due to other providers of finance		
due within the following year	**0**	-
due beyond the following year	**0**	-
Total payables due to other providers of finance	**0**	0
6) advances		
due within the following year	**517.103**	863.292
due beyond the following year	**0**	-
Total advances	**517.103**	863.292
7) trade accounts		
due within the following year	**2.960.373**	2.877.587
due beyond the following year	**0**	-
Total trade accounts	**2.960.373**	2.877.587
8) payables represented by credit instruments		
due within the following year	**0**	-
due beyond the following year	**0**	-
Total payables represented by credit instruments	**0**	0
9) due to subsidiary companies		
due within the following year	**0**	-
due beyond the following year	**0**	-
Total payables due to subsidiary companies	**0**	0
10) due to associated companies		
due within the following year	**0**	-
due beyond the following year	**0**	-
Total payables due to associated companies	**0**	0
11) due to parent companies		
due within the following year	**10.893.725**	5.497.876
due beyond the following year	**0**	-
Total payables due to parent companies	**10.893.725**	5.497.876
11 b) payables due to companies controlled by parent companies		
due within the following year	**237.880**	74.456
due beyond the following year	**0**	-
Total payables due to companies controlled by parent companies	**237.880**	74.456
12) due to tax authorities		
due within the following year	**532.751**	1.112.220
due beyond the following year	**0**	-
Total payables due to tax authorities	**532.751**	1.112.220
13) due to social security and welfare institutions		
due within the following year	**141.508**	234.990
due beyond the following year	**0**	-
Total payables due to social security and welfare institutions	**141.508**	234.990
14) other payables		
due within the following year	**2.969.095**	4.120.116
due beyond the following year	**0**	-
Total other payables	**2.969.095**	4.120.116
Total payables (D)	**18.252.435**	14.780.537
E) Accrued liabilities and deferred income	**1.143.660**	366.193
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**21.687.403**	16.184.582

Income Statement for the years ended March 31, 2018 and 2017

(EUR)

	31-03-2018	31-03-2017
A) Value of production		
1) Revenues from sales and services	**43.733.182**	42.348.852
5) Other income and revenues		
Other	**519.287**	356.639
Total Other income and revenues	**519.287**	356.639
TOTAL VALUE OF PRODUCTION	**44.252.469**	**42.705.491**
B) Costs of production		
6) Raw, ancillary and consumable materials and goods for resale	**65.829**	2.471
7) Services	**30.929.996**	30.491.503
8) Use of third party assets	**972.606**	1.030.650
9) personnel		
a) wages and salaries	**7.117.397**	6.277.438
b) related salaries	**1.805.792**	1.922.336
c) severance	**37.975**	215.023
e) other costs	**1.026.520**	1.401.589
Total payroll and related costs	**9.987.684**	9.816.386
10) depreciation, amortisation and write downs		
b) depreciation of tangible fixed assets	**16.911**	13.303
Total Amortisation, depreciation and write-downs	**16.911**	13.303
14) Other operating expenses	**32.468**	106.479
TOTAL COST OF PRODUCTION	**42.005.494**	41.460.792
Difference between value and cost of production (A - B)	**2.246.975**	1.244.699
C) Financial income and charges		
16) other financial income		
d) income other than the above		
Other	**9.705**	1.950
Total income other than the above	**9.705**	1.950
Total other financial income	**9.705**	1.950
17) Interest and other financial expense other other	**1.724**	(254)
Total interest and other financial expense	**1.724**	(254)
17 bis) Currency gains and losses	**(184.588)**	78.157
Total financial income and expense (15 + 16 - 17 + - 17-bis)	**(176.607)**	80.361
PRE-TAX RESULT (A - B + - C + - D)	**2.070.368**	1.325.060
20) Income tax for the year, current, deferred and prepaid		
Current taxes	**965.489**	1.021.356
tax related to previous years	**198.233**	0
deferred and prepaid tax	**(13.090)**	7.021
TOTAL TAXES ON THE INCOME FOR THE YEAR	**1.150.632**	1.028.377
21) PROFIT (LOSS) FOR THE YEAR	**919.736**	296.683

Financial Statement, Indirect Method

(EUR)

	31-03-2018	31-03-2017
A) CASH FLOWS FROM CURRENT ACTIVITIES (INDIRECT METHOD)		
Profit (loss) for the year	**919.736**	296.683
Income tax	**1.150.632**	1.028.377
Payable (receivable) interest	**(7.981)**	(2.204)
(Dividends)	**0**	0
(Capital gains)/Capital losses from business conveyance	**0**	0
1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from conveyances.	**2.062.387**	1.322.856
Adjustments to non monetary items that were not offset in the net working capital.		
Allocations to preserves	**0**	0
Fixed asset depreciation/amortisation	**16.911**	13.303
Write-downs for long-term value depreciation	**0**	0
Adjustments to financial assets and liabilities for derivative financial instruments that do not involve monetary transactions	**0**	0
Other adjustments to increase/(decrease) non-monetary items	**37.975**	215.023
total adjustments for non-monetary items that were not offset in the net working capital	**54.886**	228.326
2) Cash flow before changing net working capital	**2.117.273**	1.551.182
Changes to the net working capital		
Decrease/(increase) in inventory	**0**	0
Decrease/(increase) in payables to customers	**(1.604.522)**	623.247
Increase/(decrease) in trade payables	**82.786**	440.309
Increase/(decrease) from prepayments and accrued income	**(107.992)**	135.101
Increase/(decrease) from accruals and deferred income	**777.467**	(240.124)
Other decreases/(other increases) in net working capital	**231.265**	(2.174.125)
Total changes to net working capital	**(620.996)**	(1.215.592)
3) Cash flow after changes to net working capital	**1.496.277**	335.590
Other adjustments		
Interest received/(paid)	**7.981**	2.204
(Income tax paid)	**(1.566.565)**	(774.979)
Dividends received	**0**	0
(Use of reserves)	**(8.835)**	(5.338)
Other collections/(payments)	**106.349**	(116.742)
Total other adjustments	**(1.461.070)**	(894.855)
Cash flow from current activities	**35.207**	(559.265)

(EUR)

	31-03-2018	31-03-2017
B) CASH FLOWS FROM INVESTMENTS		
Tangible fixed assets		
(Investments)	**(37.847)**	(12.109)
Disposals	**0**	0
Intangible fixed assets		
(Investments)	**0**	0
Disposals	**0**	0
Financial fixed assets		
(Investments)	**0**	0
Disposals	**0**	0
Short term financial assets		
(Investments)	**0**	0
Disposals	**0**	0
(Acquisition of branches of business net of liquid assets)	**0**	0
Transfer of branches of business net of liquid assets	**0**	0
Cash flows from investments (B)	**(37.847)**	(12.109)
C) CASH FLOWS FROM FINANCING ACTIVITIES		
Loan capital		
Increase/(decrease) in short term bank loans	**0**	0
New loans	**0**	0
(Loan repayments)	**0**	0
Equity		
Capital increase payments	**0**	0
(Capital repayments)	**0**	0
Transfer/(purchase) of own shares	**0**	0
(Dividends and advances on dividends paid)	**(2)**	(1)
Cash flows from financing activities (C)	**(2)**	(1)
Increase (decrease) in liquid assets (A ± B ± C)	**(2.642)**	(571.375)
Exchange rate effect on liquid assets	**0**	0
Liquid assets at the start of the year		
Bank and post office deposits	**1.341.288**	1.912.663
Loans	**0**	0
Cash and valuables in hand	**0**	0
Total liquid assets at the start of the year	**1.341.288**	1.912.663
of which not freely available	**0**	0
Liquid assets at the end of the year		
Bank and post office deposits	**1.536.879**	1.341.288
Loans	**0**	0
Cash and valuables in hand	**0**	0
Total liquid assets at the end of the year	**1.536.879**	1.341.288
of which not freely available	**0**	0

Structure and contents of the financial statements

The financial statements for the financial year closed as of 31/03/2018, composed of the Balance Sheet, Income Statement and Notes correspond to the results of duly kept accounting entries and have been drawn up in accordance with the provisions of articles 2423 and 2423-bis of the Civil Code as well as in accordance with the accounting principles and accounting guidelines drawn up by the Italian Accounting Body (O.I.C.).

The financial statement has been drawn up on the basis of the company as a going concern.

It is structured in accordance with the provisions of articles 2424 and 2425 of the Civil Code according to the recitals set out by article 2423-ter. The Notes, which are an integral part of the Financial Statements, comply with the contents of articles 2427, 2427-bis and with all the other provisions that refer to them.

The entire document and all its related parts have been drawn up to give a fair and true picture of the company's assets and financial situation as well as of the operating results. It gives, where necessary, additional supplementary information for this purpose.

In accordance with the provisions of Art. 2423, each item is presented with the amount of the corresponding item from the previous year.

Interested parties are referred to the contents of the Management Report as regards information related to the company's operating and financial trend, to relations and transactions with correlated parties as well as to important events which have taken place after closure of the financial year.

Accounting principles

In accordance with the provisions of Art. 2423-bis of the Civil Code, following principles have been complied with while preparing the Financial Statements:

- prudential approach to entry assessment in accordance with the going-concern value and considering the economic function of the assets or liabilities being considered;
- only profits actually achieved during the financial year are reported;
- proceeds and charges related to the financial year have been stated irrespective to their occurrence and payment;
- risks and losses accrued in the financial year are reported even if they became known after closure;
- sundry elements included in the various Financial Statements items have been assessed separately.

The assessment criteria provided for by art. 2426 of the Civil Code have been maintained unchanged compared to those used in the previous financial year.

The Financial Statements and these Notes have been drawn up in units of Euros.

Assessment criteria adopted

The assessment criteria provided for by art. 2426 of the Civil Code have been applied when drawing up these Financial statements. In particular:

Intangible fixed assets

Intangible fixed assets have been entered at their purchase or in-house production cost inclusive of directly allocated additional costs.

During the financial year closed as of 31/03/2011 these assets have been reclassified in the tangible fixed assets because they refer to costs connected with the purchase of software necessary for the use of the computers by the technicians.

The related amounts are shown net of the depreciation rate, taking into account their estimated residual useful possibility.

Tangible fixed assets

Tangible fixed assets have been entered in the Financial Statements at their purchase or in-house production cost. This cost includes additional costs as well as directly allocated costs.

Notes forming part of the Financial Statements

The related amounts are entered after deduction of depreciation expenses, calculated systematically using the rates indicated below and related to their residual possibility of use that takes into account the use, destination and economic-technical duration of the assets.

Description	Applicable rates
Other assets:	
- Furniture	20%
- Electronic office equipment	25%

There have been no changes in depreciation rates from the previous financial year.

Fixed assets with value at the date of closure of the financial year that is enduringly lower than the value as calculated above, have been entered at that lesser value; this has not been made in the following financial statements if the reasons for the adjustment made no longer exist.

Receivables

Receivables have been entered according to their presumed collection value by allocating specific allowances for bad debts to which a sum is annually allocated corresponding to the risk of non-collectability of the receivables recorded in the financial statements, related to debtor's general economic conditions, sector of business and place of origin.

The actual policy of the company is to allocate into the bad debts those receivables which last for more than 9 months.

Liquid assets

The item contains cash in hand both in Euro and in foreign currency, stamps and monetary reserves resulting from accounts held by the company with financing institutions, all expressed at their nominal values and explicitly converted into Italian currency when the accounts were in foreign currency.

Accruals and deferrals

Accruals and deferrals have been calculated according to the temporal accruals principle of accounting.

Contingency funds for risks and charges

These have been allocated to cover losses or liabilities of a specific nature, certain or probable to exist, but for which, at the closure of the financial year, it was not yet possible to determine the amount or the date of occurrence.

These funds were assessed by applying general criteria of prudence and accrual. No generic contingency funds for risks lacking economic justifications were created.

Severance pay

The severance pay fund corresponds to the Company's real commitment with each employee, calculated pursuant to existing laws and, in particular, to the provisions of art. 2120 of the Civil Code, to the collective labor agreements and to company's supplementary agreements.

This liability is subject to revaluation by applying indexes.

Payables

Payables are expressed at their nominal value and include, where applicable, interest come due and collectable at the date of closure of the financial year.

Conversion criteria for values expressed in currency

Receivables and payables originally expressed in foreign currency are converted into Euros at the exchange rates at the date of occurrence. Exchange differences arising during payment of payables and collection of receivables in foreign currency are allocated to the Income Statement.

The existing receivables in currency at the end of the financial year have been converted into Euros at the rate valid on the day of closure of the Financial Statement; profits and losses coming from the exchange have been entered in the Income Statement under the C.17-bis "Exchange profits/losses" item, allocating, if necessary, an amount equal to the net profits emerging from the algebraic sum of the values to net worth reserve that cannot be distributed until the time of collection.

As to the amount entered under C.17-bis item we clarify that the collected part of profits on exchanges is equal to Euros 11.887, while that not collected part of loss on exchanges is equal to Euros -128.828.

If necessary, the advanced taxes were calculated on the part not collected.

No changes in exchange rates have taken place since closure of the financial year until drawing up of these Financial Statements which could have significant economic and/or assets effects.

Recording of revenue and costs

Income and proceeds are entered after deduction of returns, discounts and allowances as well as of taxes directly connected with sale of the products and lending of the services.

In particular:

- revenue for supply of services are calculated according to the actual supply of the service and in accordance with the relevant contracts. Revenue related to works in progress on order is calculated with the method of the percentage of completion of the works;
- costs are recorded according to the accruals principle of accounting;
- proceeds and financial charges are calculated according to the temporal accruals principle of accounting.

Income taxes

Financial year income taxes are allocated in accordance with the accruals principle of accounting and are calculated in accordance with existing laws and on the basis of the estimated taxable income. In the Balance Sheet the debt is indicated in the "Tax payables" item and the credit in the "Tax receivable" item.

We specify the following concerning detection of the fiscal effects caused by temporary differences between entry of economic items in the Financial Statements and the time they become fiscally important.

Deferred taxes were calculated according to the temporary taxable differences applying the tax rate valid at the moment these temporary differences will generate increases in the taxable base.

Assets for advanced taxes, in accordance with the prudence principle, were calculated on the deductible temporary differences applying the tax rate which is valid at the moment these differences generate a decrease in the taxable base, according to the principle of the reasonable certainty of the existence of future taxable bases sufficient to reabsorb the variations specified above.

The amount of advanced taxes is revised every year to check the existence of the reasonable certainty of having, in the future, fiscally taxable income sufficient to recover the entire amount of the advanced taxes.

The amount of deferred and advanced taxes is also subject to recalculation whenever there are changes in the taxation rates originally considered.

Notes forming part of the Financial Statements

SUPPLEMENTARY NOTES, ASSETS

FIXED ASSETS

TANGIBLE FIXED ASSETS

The following schedule illustrates the composition of tangible fixed assets and the variations that took place during the financial year.

(EUR)

Financial year item	Initial balance	Increases	Decreases	Final balance
Other assets	37.969	37.847	16.911	58.905
Furniture				
Electronic equipment	37.969	37.847	16.911	37.969
Fixed assets in progress and down payments				
Totals	37.969	37.847	16.911	58.905

Tangible fixed assets, after deduction of the depreciation fund, are equal to Euros 58.905 (Euros 37.969 at the end of the previous financial year).

CHANGES IN TANGIBLE FIXED ASSETS

The following schedule illustrates the components that contributed to calculating the net book value of the Financial statements (art. 2427, point 2 of the Civil Code).

(EUR)

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible assets in process and advances	Total tangible fixed assets
Year opening balance						
Cost	0	0	0	146.414	0	146.414
Revaluations	0	0	0	0	0	0
Amortisation (amortisation fund)	0	0	0	108.445	0	108.445
depreciation	0	0	0	0	0	0
Balance sheet value	0	0	0	37.969	0	37.969
Changes during the year						
Increases for purchases	0	0	0	37.847	0	37.847
Reclassifications (of the balance sheet value)	0	0	0	0	0	0
Decreases for transfers and disposals (of the balance sheet value)	0	0	0	0	0	0
Revaluations during the year	0	0	0	0	0	0
Depreciation/amortisation for the year	0	0	0	16.911	0	16.911
Write-downs during the year	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
Total changes	0	0	0	20.936	0	20.936
Year closing balance						
Cost	0	0	0	184.261	0	184.261
Revaluations	0	0	0	0	0	0
Amortisation (amortisation fund)	0	0	0	125.356	0	125.356
depreciation	0	0	0	0	0	0
Balance sheet value	0	0	0	58.905	0	58.905

Notes forming part of the Financial Statements

Following report shows the details of "Other goods" balance sheet item, indicating the movements relating to each component

(EUR)

Description	Furnitures	Electronic office machinery	Automobiles and motorcycles	Motor vehicles	Assets different from the above	Rounding off	Other tangible fixed assets balance
Historic cost	**1.573**	**144.841**				**1**	**146.415**
Previous financial year revaluations							
Initial depreciation fund	**1.573**	**106.872**					**108.445**
Previous financial year write-offs							
Rounding off							
Financial year initial balance		**37.969**					**37.969**
Financial year purchases		**37.847**					**37.847**
Movements from another item							
Movements to another item							
Financial year sales/decreases historic cost							
Financial year sales/decrease: depreciation fund							
Financial year revaluations							
Financial year depreciations		**16.911**					**16.911**
Financial year write-offs							
Financial year capitalized interest							
Rounding off							
Final balance		**58.905**					**58.905**

Notes forming part of the Financial Statements

CURRENT ASSETS

RECEIVABLES INCLUDED AMONG CURRENT ASSETS

CHANGES AND DEADLINE OF RECEIVABLES POSTED TO CURRENT ASSETS

The following schedule illustrates the composition, the variation and the expiration dates of receivables present in current assets (art. 2427, point 4 and 6 of the Civil Code).

(EUR)

	Year opening balance	Change during the year	Year closing balance	Amount due within 12 months	Amount due beyond 12 months	of which beyond 5 years
Trade receivables included among current assets	11.936.535	1.604.522	13.541.057	13.541.057	0	0
receivables due from parent companies included among current assets	976.446	455.054	1.431.500	1.431.500	0	0
receivables due from companies controlled by parent companies posted to current assets	771.334	149.784	921.118	921.118	0	0
Tax receivables included among current assets	0	98.404	98.404	98.404	0	0
Assets for prepaid tax included among current assets	55.688	13.090	68.778			
Other receivables included among current assets	934.844	2.857.448	3.792.292	3.655.257	137.035	0
Total receivables included among current assets	**14.674.847**	**5.178.302**	**19.853.149**	**19.647.336**	**137.035**	**0**

BREAKDOWN OF RECEIVABLES INCLUDED AMONG CURRENT ASSETS BY GEOGRAPHIC AREA

Receivables of current assets are subdivided according to geographic areas where the debtor does business (art. 2427, point 6 of the Civil Code):

(EUR)

Geographic area	Italia	Europe	Rest of the World	Total
Trade receivables included among current assets	13.484.657	33.967	22.433	13.541.057
Receivables due from subsidiary companies included among current assets	-	-	-	0
Receivables due from associated companies included among current assets	-	-	-	0
Receivables due from parent companies included among current assets	-	85.909	1.345.591	1.431.500
receivables due from companies controlled by parent companies posted to current assets	-	368.075	553.043	921.118
Tax receivables included among current assets	98.404	-	-	98.404
Assets for prepaid tax included among current assets	68.778	-	-	68.778
Other receivables included among current assets	3.792.292	-	-	3.792.292
Total receivables included among current assets	**17.444.131**	**487.951**	**1.921.067**	**19.853.149**

Notes forming part of the Financial Statements

RECEIVABLES WITH CUSTOMERS

(EUR)

Description	Previous financial year	Current financial year	Variation
Trade receivables	12.247.358	**13.846.528**	1.599.170
Bad debt fund	-310.823	**-305.471**	5.352
Rounding off			
Total	11.936.535	**13.541.057**	1.604.522

RECEIVABLES WITH CONTROLLING COMPANIES

(EUR)

Description	Previous financial year	Current financial year	Variation
Tata Consultancy Services LTD	966.277	**1.345.591**	379.314
Tata Consultancy Services Netherlands B.V.	10.169	**85.909**	75.740
Rounding off			
Total	976.446	**1.431.500**	455.054

RECEIVABLES FROM BUSINESSES SUBJECT TO THE CONTROL OF THE PARENT COMPANIES

(EUR)

Description	Previous financial year	Variation	Current financial year
Tata Consultancy Services America International Corp.	210.720	342.323	**553.043**
Tata Consultancy Services Sverige AB	54.773	-46.721	**8.052**
Tata Consultancy Services De Espana	68.279	-68.279	
Tata Consultancy Services Osterreich GmbH	388.202	-312.572	**75.630**
Tata Consultancy Services Switzerland LTD	31.645	1.568	**33.213**
Tata Consultancy Services Deutschland GmbH	17.715	92.422	**110.137**
TCS Luxembourg S.A.		11.869	**11.869**
TCS France SAS		10.996	**10.996**
TCS Belgium N.V./S.A.		118.178	**118.178**
Rounding off			
Total receivables from businesses subject to the control of the parent companies	771.334	149.784	**921.118**

TAX RECEIVABLES

(EUR)

Description	Previous financial year	Current financial year	Variation
Corporate Income Tax (IRES) credit		**97.374**	97.374
Other tax credit		**1.030**	1.030
Rounding off			
Totals		**98.404**	98.404

Notes forming part of the Financial Statements

OTHER RECEIVABLES

(EUR)

Description	Previous financial year	Current financial year	Variation
a) Other receivables following year	919.814	**3.655.257**	2.735.443
Employees receivables	705.928	**1.103.397**	397.469
Cash deposits	116.718		-116.718
Other receivables:			
- suppliers'advances	31.310	**83.727**	52.417
- other	65.858	**2.468.133**	2.402.275
b) Other receivables above following year	15.030	**137.035**	122.005
Employees receivables			
Cash deposits	15.030	**137.035**	122.005
Other receivables:			
Total other receivables	934.844	**3.792.292**	2.857.448

Under "Other Receivables" have been classified receivables towards employees (Euros 1.103.397), advances paid to suppliers (Euros 83.727) and cash deposits (Euros 137.035).

Receivables include assets for advanced taxes (Euros 68.778) which details are provided in the paragraph related to deferred taxation.

Adjustment of the nominal value of the receivables to the presumed breakup value was done by using a specific allowance for bad debts which sustained, during the financial year, the following movements:

(EUR)

Description	Initial balance	Uses	Allocations	Final balance
Allowance for bad debts of the current assets	310.823	5.352		305.471

LIQUID FUNDS

The balance detailed below represents the amount and variations in liquid assets existing at the time of closure of the financial year (art. 2427, point 4 of the Civil Code).

(EUR)

	Year opening balance	Change during the year	Year closing balance
Bank and post office deposits	**1.341.288**	**195.591**	**1.536.879**
Total liquid funds	**1.341.288**	**195.591**	**1.536.879**

ACCRUED INCOME AND PREPAYMENTS

The composition and variations for the item under examination are detailed as follows (art. 2427, point 7 of the Civil Code):

(EUR)

	Year opening balance	Change during the year	Year closing balance
Accrued income	**0**	**0**	**0**
Deferred income	**130.478**	**107.992**	**238.470**
Total accrued income and prepaid expenses	**130.478**	**107.992**	**238.470**

Notes forming part of the Financial Statements

SUPPLEMENTARY NOTES, LIABILITIES AND NET EQUITY

SHAREHOLDERS' EQUITY

CHANGES IN SHAREHOLDERS' EQUITY

Net worth existing at the closure of the financial year amounts to Euros 1.286.662 and has experienced the following evolution (art. 2427, point 4 of the Civil Code).

(EUR)

	Year opening balance	Destination of the previous year's result		Other changes			Result for the year	Year closing balance
		Dividend allocations	Other destinations	Increases	Decreases	Reclassifications		
Capital	100.000	0	0	0	0	0		100.000
Legal reserve	20.000	0	0	0	0	0		20.000
Other reserves								
Contributions to cover losses	2.100.000	0	0	0	0	0		2.100.000
Miscellaneous other reserves	(1)	0	0	(2)	0	0		(3)
Total other reserves	2.099.999	0	0	(2)	0	0		2.099.997
Reserve to hedge expected cash flow transactions	0	0	0	0	0	0		0
Profit (loss) carried forward	(2.149.755)	0	296.683	0	0	0		(1.853.072)
Profit (loss) for the year	296.683	0	0	0	(296.683)	0	919.736	919.736
Total shareholders' equity	**366.927**	**0**	**296.683**	**(2)**	**(296.683)**	**0**	**919.736**	**1.286.661**

USE OF SHAREHOLDERS' EQUITY

Details are given, in particular, related to the reserves that compose the Net Worth, specifying their origin or nature, and their possible uses and distributability limits as well as their uses in previous financial years (art. 2427, point 7-bis of the Civil Code):

Explanation column "Origin/nature": C = Capital reserve; U = Profit reserve.

Explanation column "Possible use": A = for capital increase; B = to cover losses; C = for distribution to shareholders.

(EUR)

	Amount	Origin / nature	Possible use	Available amount	Summary of uses in the three previous years	
					to cover losses	for other reasons
Capital	100.000	C	B	0	0	0
Legal reserve	20.000	U	B	0	0	0
Other reserves						
Contributions to cover losses	2.100.000	C	B	246.926	0	0
Miscellaneous other reserves	(3)			0	0	0
Total other reserves	2.099.997			246.926	0	0
Profit carried forward	(1.853.072)			0	0	0
Total	366.925			246.926	0	0
Unavailable amount				246.926		
Residual available share				0		

Key: A: for capital increase, B: to hedge losses, C: distribution to shareholders, D: for other article of association restraints, E: other As of 31/03/2018 capital was fully underwritten and paid up.

Notes forming part of the Financial Statements

PROVISIONS FOR RISKS AND CHARGES

The composition and the movements in the single items are given in the following schedule (art. 2427, point 4 of the Civil Code).

(EUR)

	Provisions for pension liabilities and similar obligations	Deferred tax fund	Passive derivative financial instruments	Other funds	Total provisions for risks and charges
Year opening balance	0	0	0	8.929	8.929
Changes during the year					
Operating accrual	0	198.233	0	0	198.233
Use in the financial year	0	0	0	8.835	8.835
Other changes	0	0	0	0	0
Total changes	0	198.233	0	(8.835)	189.398
Year closing balance	0	198.233	0	94	198.327

The Management, in the previous financial year, evaluated the portfolio project as at the year end and decided to accrue a contingency for foreseeable losses on turnkey projects; in the current financial year that fund provision has experienced a decrease of Euros 8.835 and it is equal to Euros 94.

It is reported that, because of a tax litigation with the Revenue Agency under definition, a provision for risks related to current taxes (Euros 198.233) has been accrued during the current financial year.

This schedule gives a detailed description of the item related to other contingency funds for risks and charges as well as the variations since the previous financial year, because they are held to be of appreciable amount (art. 2427, point 7 of the Civil Code).

(EUR)

Description	Previous financial year	**Current financial year**	Variation
Other provisions for risks and charges:			
Loss on projects	8.929	-8.835	94
Fund for tax assessment		198.233	198.233
Totals	8.929	-189.304	198.327

STAFF SEVERANCE FUND

The fund being allocated represents the actual debt of the company with its employees as of al 31/03/2018 after deduction of paid advances.

The severance pay is directly deposited in the pension fund for employees who have opted for complementary social security which is shown on "Other"; in other cases the severance pay is transferred to the Treasury Fund managed by INPS. the amount booked as use is related to amount paid during the year.

Composition and uses are listed in the following schedule (art. 2427, point 4 of the Civil Code).

(EUR)

	Staff severance fund
Year opening balance	661.996
Changes during the year	
Operating accrual	37.975
Use in the financial year	0
Other changes	106.349
Total changes	144.324
Year closing balance	806.320

Notes forming part of the Financial Statements

PAYABLES DUE TO COMPANIES CONTROLLED BY PARENT COMPANIES

PAYABLES CHANGES AND DUE DATE

The composition, the variations in the single items and the subdivision by due dates of payables are illustrated in the following schedule (art. 2427, point 4 and 6 of the Civil Code).

(EUR)

	Year opening balance	Change during the year	Year closing balance	Amount due within 12 months	Amount due beyond 12 months	of which beyond 5 years
Advances	**863.292**	**(346.189)**	**517.103**	**517.103**	**0**	**0**
Payables to suppliers	**2.877.587**	**82.786**	**2.960.373**	**2.960.373**	**0**	**0**
Payables to parent companies	**5.497.876**	**5.395.849**	**10.893.725**	**10.893.725**	**0**	**0**
Payables due to companies controlled by parent companies	**74.456**	**163.424**	**237.880**	**237.880**	**0**	**0**
Tax payables	**1.112.220**	**(579.469)**	**532.751**	**532.751**	**0**	**0**
Payables due to social security and welfare institutions	**234.990**	**(93.482)**	**141.508**	**141.508**	**0**	**0**
Other payables	**4.120.116**	**(1.151.021)**	**2.969.095**	**2.969.095**	**0**	**0**
Total payables (D)	**14.780.537**	**3.471.898**	**18.252.435**	**18.252.435**	**0**	**0**

ADVANCE PAYMENTS

(EUR)

Description	Previous financial year	Current financial year	Variation
a) Advance payments due within a year	863.292	**517.103**	**-346.189**
Advance payments from customers	863.292	**517.103**	**-346.189**
Advance payments for work in progress			
Deposits			
Other advance payments:			
b) Advance payments due after a year			
Advance payments from customers			
Advance payments for work in progress			
Deposits			
Other advance payments:			
altri			
Total advance payments	**863.292**	**517.103**	**-346.189**

PAYABLES TO SUPPLIERS

(EUR)

Description	Previous financial year	Current financial year	Variation
a) Payables to suppliers due within a year	2.877.587	**2.960.373**	**82.786**
Suppliers within a year:	2.718.716	**2.789.936**	**71.220**
- other	2.718.716	**2.789.936**	**71.220**
Invoices to be received within a year:	158.871	**170.437**	**11.566**
- other	158.871	**170.437**	**11.566**
b) Payables to suppliers due after a year			
Total payables to suppliers	2.877.587	**2.960.373**	**82.786**

Notes forming part of the Financial Statements

PAYABLES TO PARENT COMPANIES

(EUR)

Description	Previous financial year	Current financial year	Variation
Tata Consultancy Services LTD	5.470.077	**10.825.905**	**5.355.828**
Tata Consultancy Services Netherlands B.V.	26.587	**67.820**	**41.233**
Liabilities-Others-Outstanding-For Subsidiaries & Related Parties	1.212		**-1.212**
Rounding off			
Total payables to parent companies	5.497.876	**10.893.725**	**5.395.849**

They are reclassified under the item "Payables to parent companies" not only the payables to Tata Consultancy Services Netherlands B.V, but also the payables to Indian parent company Tata Consultancy Services LTD.

PAYABLES DUE TO COMPANIES SUBJECT TO THE CONTROL OF THE PARENT COMPANIES

(EUR)

Description	Previous financial year	Current financial year	Variation
Tata Consultancy Services America Int. Corp.	39.888	**56.005**	**16.117**
Tata Consultancy Services Deutschland GmbH	26.186	**26.366**	**180**
Tata Consultancy Services France SAS	1.480	**21.525**	**20.045**
Tata Consultancy Services Asia Pacific Pte LTD	6.902		**-6.902**
Tata Consultancy Services Saudi Arabia		**32.568**	**32.568**
Tata Consultancy Services Sweden		**22.163**	**22.163**
Tata Consultancy Services Belgium SA		**30.569**	**30.569**
Tata Consultancy Services Osterreich GmbH		**1.200**	**1.200**
Tata Consultancy Services Switzerland LTD		**21.176**	**21.176**
Tata Consultancy Services Esapana SA		**8.926**	**8.926**
Tata Consultancy Services Thailand Limited		**17.382**	**17.382**
Total payables due to companies subject to the control of the parent companies	74.456	**237.880**	**163.424**

TAX PAYABLES

(EUR)

Description	Previous financial year	Current financial year	Variation
Corporate Income Tax (IRES)	318.470		**-318.470**
Regional Income Tax (IRAP)	23.984	**36.985**	**13.001**
VAT	686.370	**411.492**	**-274.878**
Employee withholding taxes	63.598	**71.065**	**7.467**
Consultant/collaborator withholding taxes	19.797	**13.208**	**-6.589**
Rounding off	1	**1**	
Total tax payables	1.112.220	**532.751**	**-579.469**

Notes forming part of the Financial Statements

PAYABLES WITH SOCIAL SECURITY AND INSURANCE INSTITUTIONS

(EUR)

Description	Previous financial year	Current financial year	Variation
Payables with Inps (National Institute of Social Insurance)	234.990	**141.508**	**-93.482**
Payables with Inail (National Institute for Insurance against Industrial Accidents)			
Total social security and insurance payables	234.990	**141.508**	**-93.482**

OTHER PAYABLES

(EUR)

Description	Previous financial year	Current financial year	Variation
a) Other payables following year	4.120.116	**2.969.095**	**-1.151.021**
Employees / similar payables	3.680.898	**2.896.128**	**-784.770**
Other payables:			
- other	439.218	**72.967**	**-366.251**
b) Other payables above following year			
Total other payables	4.120.116	**2.969.095**	**-1.151.021**

BREAKDOWN OF PAYABLES BY GEOGRAPHIC AREA

An illustrative schedule is also given with the breakdown of payables according to the geographic area of business of the creditor.

(EUR)

Geographic area	Italy	Europe	Rest of World	Total
Advances	**517.103**	**-**	**-**	**517.103**
Payables to suppliers	**2.960.373**	**-**	**-**	**2.960.373**
Payables due to parent companies	**-**	**67.820**	**10.825.905**	**10.893.725**
Payables due to companies controlled by parent companies	**-**	**131.924**	**105.956**	**237.880**
Tax payables	**532.751**	**-**	**-**	**532.751**
Payables due to social security and welfare institutions	**141.508**	**-**	**-**	**141.508**
Other payables	**2.969.095**	**-**	**-**	**2.969.095**
Total Payables	**7.120.830**	**199.744**	**10.931.861**	**18.252.435**

ACCRUED LIABILITIES AND DEFERRED INCOME

The following schedule indicates the composition and movements of the item under examination (art. 2427, point 7 of the Civil Code)

(EUR)

	Year opening balance	Change during the year	Year closing balance
Accrued liabilities	**44.468**	**1.099.192**	**1.143.660**
Deferred income	**321.725**	**(321.725)**	**0**
Total accrued liabilities and deferred income	**366.193**	**777.467**	**1.143.660**

Notes forming part of the Financial Statements

SUPPLEMENTARY NOTES, INCOME STATEMENT

VALUE OF PRODUCTION

Production worth composition is given below as well as variations in the single items compared to the previous financial year:

(EUR)

Description	Previous financial year balance	Current financial year balance	Variation	Var. %
Revenue from sales and services	42.348.852	**43.733.182**	**1.384.330**	**3,27**
Variation in stocks of products currently being processed, semi-finished and finished products				
Variations in works in progress on order				
Fixed assets increases for in-house works				
Other revenue and proceeds	356.639	**519.287**	**162.648**	**45,61**
Totals	42.705.491	**44.252.469**	**1.546.978**	

BREAKDOWN OF NET REVENUE BY BUSINESS CATEGORY

In accordance with the provisions of point 10) of article 2427 we specify the breakdown of revenue from sales and services by category of activity.

(EUR)

Business Category	Current year value
Services	**43.733.182**
Total	**43.733.182**

COST OF PRODUCTION

The following schedule illustrates the composition and movements in the "Production costs" item.

(EUR)

Description	Previous financial year balance	Current financial year balance	Variation	Var. %
For raw materials, ancillary materials, consumables and goods	2.471	**65.829**	**63.358**	**2.564,06**
For services	30.491.503	**30.929.996**	**438.493**	**1,44**
For use of third party assets	1.030.650	**972.606**	**-58.044**	**-5,63**
For personnel:				
a) wages and salaries	6.277.438	**7.117.397**	**839.959**	**13,38**
b) social security contributions	1.922.336	**1.805.792**	**-116.544**	**-6,06**
c) severance pay	215.023	**37.975**	**-177.048**	**-82,34**
d) pension indemnity and similar				
e) other costs	1.401.589	**1.026.520**	**-375.069**	**-26,76**

Notes forming part of the Financial Statements

(EUR)

Description	Previous financial year balance	Current financial year balance	Variation	Var. %
Depreciations and write-offs:				
a) intangible fixed assets				
b) tangible fixed assets	13.303	**16.911**	**3.608**	**27,12**
c) other write-offs of fixed assets				
d) receivables write-offs included in current assets				
Variations in stocks of raw materials, ancillary materials and consumables and goods				
Contingency fund for risks				
Other funds				
Sundry operating charges	106.479	**32.468**	**-74.011**	**-69,51**
Rounding off				
Totals	41.460.792	**42.005.494**	**544.702**	

FINANCIAL INCOME AND CHARGES

BREAKDOWN OF INTEREST AND OTHER FINANCIAL LIABILITIES BY PAYABLES TYPE

In accordance with the provisions at point 12) of article 2427 of the Civil Code a schedule is given concerning the amount of interest and other financial charges related to bond loans, payables with banks and others.

(EUR)

	Interest and other financial liabilities
other	**1.724**
Total	**1.724**

A schedule is also given concerning the composition of the "C.16.d) Proceeds other than the previous ones" item.

(EUR)

Description	Controlled companies	Associated companies	Controlling companies	Companies subject to the control of parent companies	Others	Total
Bank and postal interest					**5.508**	**5.508**
Other proceeds					**4.197**	**4.197**
Totals					**9.705**	**9.705**

INCOME TAX FOR THE YEAR, CURRENT, DEFERRED AND PREPAID

OPERATING INCOME TAXES

The composition of the "Operating income taxes" item is illustrated in the following table:

(EUR)

Description	Previous financial year balance	Variation	Var.%	Current financial year balance
Current taxes	1.021.356	**-55.867**	**-5,47**	**965.489**
Taxes relative to previous periods		**198.233**		**198.233**
Advanced taxes	7.021	**-20.111**	**-286,44**	**-13.090**
Totals	1.028.377	**122.255**		**1.150.632**

Notes forming part of the Financial Statements

"Current taxes" are composed by:

- *IRES: Euros 627.285;*
- *IRAP: Euros 338.204.*

DEFERRED TAXATION (ART. 2427, POINT 14 OF THE CIVIL CODE)

Deferred taxes were calculated taking into account the amount of all the temporary differences generated from application of tax regulations and applying the rates valid at the moment these differences arose.

Assets for advanced taxes were detected as it is reasonably certain that there will be, during subsequent financial year, a taxable base not inferior to the amount of the differences that will be written off.

The following schedule illustrates the temporary differences that led to detection of deferred and advanced taxes, specifying the relevant amount, the tax rate applied, the tax effect, the amounts receivable or payable to the income statement and the items excluded from the calculation, referring both to the current financial year and the previous financial year. The schedule also gives the amount of advanced taxes recorded in the Financial Statements related to losses for the financial year and for previous financial years.

(EUR)

Description	Previous financial year			**Year variation**		**Current financial year**	
	IRES	IRES	IRAP	**IRES**	**IRAP**	**IRES**	**IRAP**
	Amount of temporary differences						
ADVANCED TAXES							
Audit Fee FS		36.000		**-13.000**		23.000	
Bad debt fund		192.335				192.335	
Higher depreciation amount		3.698				3.698	
Accrual fo bonus				**35.041**		35.041	
Accrual for tax advisors for assessment				**32.500**		32.500	
Deductible temporary differences totals		232.033		**54.541**		286.574	
IRES and IRAP rates	24,00	24,00	3,90			24,00	3,90
Advanced taxes receivables	55.688			**13.090**		68.778	
	Amount of temporary differences						
DEFERRED TAXES							
Taxable temporary differences totals							
IRES and IRAP rates	24,00	24,00	3,90			24,00	3,90
IRES and IRAP net advanced taxes (deferred taxes)	55.688			**13.090**		68.778	
Total net advanced taxes (deferred taxes)	55.688			**13.090**		**68.778**	
- allocated to the Income Statement				**13.090**			

Notes forming part of the Financial Statements

TAX RECONCILIATION- IRES

We give, finally, a schedule containing the information requested by Accounting Principle No. 25 concerning reconciling the tax burden indicated in the Financial Statements and the theoretical tax burden.

(EUR)

Description	Value	Taxes
Pre-tax result	2.070.368	
Theoretical tax burden %	24	496.888
Temporary differences taxable in following financial years:		
Total		
Temporary differences deductible in following financial years:		
- accrual for board of statutory auditors 31.03.2019	23.000	
- accrual for tax assessment (consultants)	32.500	
- accruals for bonus	35.041	
- other	196.034	
Total	286.575	
Reversal of temporary differences from previous financial years:		
Total		
Differences that will not be carried forward in following financial years:		
- car costs	21.500	
- phone costs	10.138	
- costs not deductible	812.805	
- other not deductible	920.575	
- higher depreciation (super ammortamento)	-1.944	
- accrual for board of statutory auditors 31.03.2017	-36.000	
- ACE	-12.340	
- IRAP deduction	-213.264	
- other deductible	-1.244.724	
Total	256.746	
IRES (Corporate Income Tax) taxable base	2.613.689	
IRES increase - Current taxes		
Current IRES (Corporate Income Tax) for the financial year		627.285

Notes forming part of the Financial Statements

TAX RECONCILIATION- IRAP

We give, finally, a schedule containing the information requested by Accounting Principle No. 25 concerning reconciling the tax burden indicated in the Financial Statements and the theoretical tax burden.

(EUR)

Description	Value	Taxes
IRAP (Regional income tax) taxable base (A - B + b9 + b10 lett. c) and d) + b12 + b13)	12.234.659	
Costs irrelevant for IRAP (Regional Income Tax):		
- km refund	36.154	
- other not deductible	1.060.690	
Revenue irrelevant for IRAP (Regional Income Tax):		
- other items		
Total	13.331.503	
Theoretical tax burden %	3,90	519.929
Deductions:		
- INAIL	10.265	
- social contributions	1.002.252	
- other deductions	3.647.084	
Total	4.659.601	
Temporary differences taxable in following financial years:		
Total		
Temporary differences deductible in following financial years:		
Total		
Reversal of temporary differences from previous financial years:		
Total		
IRAP (Regional Income Tax) taxable base	8.671.902	
Current IRAP (Regional Income Tax) for the financial year		338.204

For a full disclosure, it is reported that the company pays IRAP tax in three different regions:

- Tuscany: IRAP applicable rate 4,82%
- Emilia-Romagna: IRAP applicable rate 3,9%
- Lombardy: IRAP applicable rate 3,9%

SUPPLEMENTARY NOTES, OTHER INFORMATION

EMPLOYMENT DATA

In accordance with the provisions of point 15) of article 2427 of the Civil Code, the following schedule illustrates the data related to the composition of staff employed as of 31/03/2018.

	Average number
Directors	6
Middle management	11
Office staff	46
Blue collar workers	0
Other employees	0
Total employees	63

For a full disclosure, it is reported that the total of detached staff at the end of the financial year is composed by 96 engineers.

Notes forming part of the Financial Statements

REMUNERATION, ADVANCES AND CREDITS GRANTED TO DIRECTORS AND AUDITORS AND COMMITMENTS ON THEIR BEHALF

The following schedule specifies overall remuneration due the members of the Board of Auditors for the financial year as of 31/03/2018, as required by the point 16 of article 2427 of the Civil Code.

(EUR)

	Directors	Auditors
Remuneration	**0**	**20.000**
Advances	**0**	**0**
Receivables	**0**	**0**
Commitments on their behalf due to guarantees made	**0**	**0**

COMMITMENTS, GUARANTEES AND POTENTIAL LIABILITIES NOT POSTED TO THE BALANCE SHEET

Compliant with art. 2427 no. 9 of the Civil Code, please note that the Company has no commitments, guarantees and contingent liabilities other than those resulting from the balance sheet.

INFORMATION ON ASSETS AND LOANS ADDRESSED TO SPECIFIC DEALS

ASSETS AND LOANS ALLOCATED TO A SPECIFIC DEAL

The Company has not created any assets destined to the a specific business.

INFORMATION ON TRANSACTIONS WITH CORRELATED PARTIES

RELATED PARTY TRANSACTIONS

According to Art. 2427 point 22-bis, please note that during the financial year related party transactions were not carried out with significant amounts and in any case they were fulfilled at regular market conditions. In any case, transactions with related parties are displayed in the following table:

(EUR)

Description	**Controlled companies**	**Other related parties**	**Total**
Revenue	**798.815**	**4.864.017**	**5.662.832**
Costs	**24.019.057**	**231.847**	**24.251.175**
Commercial receivables	**1.431.499**	**921.118**	**2.352.617**
Commercial debts	**10.893.725**	**237.880**	**11.131.605**

In item "controlled companies" have been classified the transactions (revenues, costs, receivables and debts) toward the direct parent company Tata Consultancy Services B.V., Amsterdam, and toward the holding Tata Consultancy Services Ltd. Mumbai, India.

Notes forming part of the Financial Statements

According to Art. 2427 point 22-bis, please note that during the financial year related party transactions took place and the year-end balance is the following ones:

(EUR)

Entities	Revenues for Services	Cost for Service	Receivables	Payables
Tata America International Corporation	**1.365.588**	**-**	**553.043**	**56.006**
Tata Consultancy Services Luxembourg S.A.	**11.869**		**11.869**	**-**
Tata Consultancy Services Asia Pacific Pte Ltd	**-**	**7.807**	**-**	**-**
Tata Consultancy Services Thailand Limited	**-**	**16.352**	**-**	**17.382**
Tata Consultancy Services Belgium N.V./S.A.	**249.051**	**58.110**	**118.178**	**30.569**
Tata Consultancy Services Deutschland GmbH	**872.732**	**-**	**110.137**	**26.366**
Tata Consultancy Services France S.A.S	**194.700**	**34.814**	**10.996**	**21.525**
Tata Consultancy Services Limited	**333.183**	**23.932.023**	**1.345.590**	**10.825.904**
Tata Consultancy Services Netherland BV	**465.632**	**87.304**	**85.909**	**67.820**
Tata Consultancy Services Osterreich GmbH	**1.041.381**	**-**	**75.630**	**1.200**
Tata Consultancy Services Sverige AB	**149.693**	**38.478**	**8.052**	**22.162**
Tata Consultancy Services Switzerland Ltd	**758.676**	**43.643**	**33.212**	**21.176**
Tata Consultancy Services Espana SA	**220.328**	**75**		**8.926**
Tata Consultancy Services Saudi Arabia		**32.568**		**32.568**
Total	**5.662.832**	**24.251.175**	**2.352.617**	**11.131.605**

INFORMATION ON AGREEMENTS NOT POSTED TO THE BALANCE SHEET

AGREEMENTS NOT INCLUDED IN BALANCE SHEET

According to Art. 2427 point 22-ter, please note that the Company is not engaged in any agreement which is not included in the Balance Sheet, represents relevant risks or benefits and is necessary to evaluate the Company's assets and financial situation.

INFORMATION ON SIGNIFICANT EVENTS AFTER YEAREND

Compliant with art. 2427 no. 22 quater) of the Civil Code, no important events have taken place after the closure of the accounting period.

INFORMATION REGARDING DERIVATIVE FINANCIAL INSTRUMENTS AS PER ART. 2427-B CIVIL CODE

INFORMATION CONCERNING THE “FAIR VALUE” OF DERIVATIVE FINANCIAL INSTRUMENTS

It is hereby stated, in accordance with article 2427-bis, paragraph 1, number 1) of the Civil Code, that the Company does not use derivative instruments.

SUMMARY OF BALANCE SHEET OF THE COMPANY EXERCISING MANAGEMENT AND COORDINATION ACTIVITIES

The Company belongs to the Tata Group which carries on management and coordination through the Tata Consultancy Services Netherlands BV company.

The following schedule gives essential figures from the last Financial Statements approved by the Company which carries on management and coordination in accordance with paragraph 4 of article 2497-bis of the Civil Code.

Notes forming part of the Financial Statements

SUMMARY OF BALANCE SHEET OF THE COMPANY EXERCISING MANAGEMENT AND COORDINATION ACTIVITIES (OVERVIEW)

(EUR)

	last financial year	Previous year
Date of the last approved balance sheet	**31/03/2017**	31/03/2016
A) receivables due from shareholders	**0**	0
B) Fixed assets	**71.678.237**	53.420.170
C) Current assets	**131.862.691**	100.532.483
D) Prepaid expenses and accrued income	**0**	0
Total assets	**203.540.928**	153.952.653
A) Shareholders' equity		
share capital	**66.000.000**	66.000.000
Reserves	**8.304.499**	(8.034.001)
Profit (loss) for the year	**51.793.400**	15.163.418
Total shareholders' equity	**126.097.899**	73.129.417
B) Reserves for contingencies and other charges	**20.987.055**	38.650.639
Total reserve for severance indemnities (TFR)	**0**	0
D) Payables	**56.455.974**	42.172.597
E) Accrued expenses and deferred income	**0**	0
Total liabilities and shareholders' equity	**203.540.928**	153.952.653

SUMMARY OF MEMORANDUM ACCOUNTS OF THE COMPANY EXERCISING MANAGEMENT AND COORDINATION ACTIVITIES (OVERVIEW)

(EUR)

	last financial year	Previous year
Date of the last approved balance sheet	**31/03/2017**	31/03/2016
A) Value of production	**347.031.374**	270.216.661
B) Costs of production	**293.139.067**	231.761.537
C) Financial income and charges	**13.129.064**	(11.204.092)
D) Value adjustments to financial assets	**0**	0
Income taxes for the year	**15.227.971**	12.087.614
Profit (loss) for the year	**51.793.400**	15.163.418

PROPOSED USE OF PROFITS OR HEDGING OF LOSSES

OPERATING RESULTS ALLOCATION

Compliant with Art. 2427 no. 22-septies the following operating results allocation is proposed to the shareholders' meeting called to approve the Financial Statement:

(EUR)

Description	**Value**
Operating profits:	
- cover past losses	**919.736**
Total	**919.736**

Notes forming part of the Financial Statements

SHAREHOLDINGS IN UNLIMITED LIABILITY COMPANIES

We point out, in accordance with article 2361 paragraph 2 of the Civil Code, that the company have not acquired shareholdings involving unlimited liability in any Company.

BALANCE SHEET CONFORMITY STATEMENT

Milan, 17th May, 2018

The Directors

KARKARIA PAUROOSASP

GAITONDE PRADEEP MANHOHAR

MUKHERJEE AJOYENDRA

The undersigned KARKARIA PAUROOSASP, as Chief Executive Officer, aware of the penal responsibilities in case of false statement, certifies the correspondence between the XBRL electronic document containing the balance sheet, income statement, financial statement and explanatory notes and the documents stored in the company records according to art.47 DPR 445/2000.

TATA CONSULTANCY SERVICES LUXEMBOURG S.A.
Société Anonyme

ANNUAL ACCOUNTS AND REPORT OF THE REVISEUR D'ENTREPRISES AGREE

MARCH 31, 2018

89 D, Rue Pafebruch

L-8308 Capellen

R.C.S. Luxembourg: B112.110

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

MANAGEMENT REPORT

Throughout the fiscal year ending on 31 March 2018, TATA Consultancy Services Luxembourg S. A. (TCS Lux) has continued to consolidate its position within its existing strategic service contracts, some of which have shown significant growth. In parallel, TCS Lux has worked closely with the TCS teams managing global customers that have operations in Luxembourg in order to extend services locally. TCS has finalized a contract with a new customer. This contract will enhance the revenue growth in the coming years.

Overall, the ramp-up of qualified local resources remains an important consideration in growing our presence. A fluid communication with the teams in offshore locations servicing Luxembourg accounts continues to be a key success factor.

There are no significant events after the balance sheet date which has a bearing on the financial statements for the year 2017-18.

The Company has no significant credit risks, other than those which have already been allowed for, nor any concentrations of credit with a single customer or geographical region which carries an unusual high credit risk. The Company bears no significant third-party interest risk.

The Company operates in a competitive market scenario which is reflected in the competitive prices for services.

The Company does not hold own shares and does not have investment in the shares of parent company and the Company does not have branches. The Company did not incur research and development expenses.

The total net turnover for the year was EUR 21.12 million compared to EUR 22.39 million for the previous year. The total net turnover was marginally less in current year mainly due to completion of the services provided to one of its customers. The year ended with an operating profit of Euro 1.99 million as compared to Euro 3.21 million for the previous year. The variance is mainly due to enhancement in employee cost and increase in tax due to non-availability of accumulated losses as compared to the previous financial year. The operating profit at the current level is expected to continue going forward.

Mr. Pauroosasp D. Karkaria   Mr. Pradeep Manohar Gaitonde   Mr. Amit Sushil Kapur

Mr. Ajoyendra Mukherjee

May 10, 2018

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Board of Directors of
Tata Consultancy Services Luxembourg S.A.
89 D, Rue Pafebruch
L - 8308 Capellen

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Tata Consultancy Services Luxembourg S.A. (the "Company"), which comprise the balance sheet as at March 31, 2018, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at March 31, 2018, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical 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.

Other information

The Board of directors is responsible for the other information. The other information comprises the information stated in the management report but does not include the annual accounts and our report of "Réviseur d'Entreprises agréé" thereon.

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

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines 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 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.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the annual accounts

The objectives of our audit 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 a report of "Réviseur d'Entreprises agréé" 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 Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism 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 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 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 report of the "Réviseur d'Entreprises agréé" to the related disclosures in the annual accounts 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 report of the "Réviseur d'Entreprises agréé". 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 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 management report is consistent with the annual accounts and has been prepared in accordance with the applicable legal requirements.

Luxembourg

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

F. Rouault

BALANCE SHEET

Financial Year From April 1, 2017 To March 31, 2018

EUR

ASSETS

	Reference(s)		Current year		Previous year	
A. Subscribed capital unpaid	1101	-	**101**	**-**	102	-
I. Subscribed capital not called	1103	-	**103**	**-**	104	-
II. Subscribed capital called but unpaid	1105	-	**105**	**-**	106	-
B. Formation expenses	1107	-	**107**	**-**	108	-
C. Fixed assets	1109	4	**109**	**21.221,00**	110	20.467,00
I. Intangible assets	1111	-	**111**	**-**	112	-
1. Costs of development	1113	-	**113**	**-**	114	-
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	-	**115**	**-**	116	-
a) acquired for valuable consideration and need not be shown under C.I.3	1117	-	**117**	**-**	118	-
b) created by the undertaking itself	1119	-	**119**	**-**	120	-
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	-	**121**	**-**	122	-
4. Payments on account and intangible assets under development	1123	-	**123**	**-**	124	-
II. Tangible assets	1125	-	**125**	**21.221,00**	126	20.467,00
1. Land and buildings	1127	-	**127**	**-**	128	-
2. Plant and machinery	1129	-	**129**	**6.001,00**	130	7.554,00
3. Other fixtures and fittings, tools and equipment	1131	-	**131**	**15.186,00**	132	12.046,00
4. Payments on account and tangible assets in the course of construction	1133	-	**133**	**34,00**	134	867,00
III. Financial assets	1135	-	**135**	**-**	136	-
1. Shares in affiliated undertakings	1137	-	**137**	**-**	138	-
2. Loans to affiliated undertakings	1139	-	**139**	**-**	140	-
3. Participating interests	1141	-	**141**	**-**	142	-
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	-	**143**	**-**	144	-
5. Investments held as fixed assets	1145	-	**145**	**-**	146	-
6. Other loans	1147	-	**147**	**-**	148	-
D. Current assets	1151	-	**151**	**12.970.749,00**	152	10.463.789,00
I. Stocks	1153	-	**153**	**-**	154	-
1. Raw materials and consumables	1155	-	**155**	**-**	156	-
2. Work in progress	1157	-	**157**	**-**	158	-
3. Finished goods and goods for resale	1159	-	**159**	**-**	160	-
4. Payments on account	1161	-	**161**	**-**	162	-

continue

BALANCE SHEET

Financial Year From April 1, 2017 To March 31, 2018

continue

EUR

	Reference(s)		Current year		Previous year	
II. Debtors	1163	-	**163**	**6.495.749,00**	164	4.954.563,00
1. Trade debtors	1165	5	**165**	**5.989.572,00**	166	4.627.741,00
a) becoming due and payable within one year	1167	2	**167**	**5.989.572,00**	168	4.627.741,00
b) becoming due and payable after more than one year	1169	-	**169**	**-**	170	-
2. Amounts owed by affiliated undertakings	1171	5	**171**	**121.542,00**	172	42.239,00
a) becoming due and payable within one year	1173	-	**173**	**121.542,00**	174	42.239,00
b) becoming due and payable after more than one year	1175	-	**175**	**-**	176	-
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	-	**177**	**-**	178	-
a) becoming due and payable within one year	1179	-	**179**	**-**	180	-
b) becoming due and payable after more than one year	1181	-	**181**	**-**	182	-
4. Other debtors	1183	6	**183**	**384.635,00**	184	284.583,00
a) becoming due and payable within one year	1185	-	**185**	**287.452,00**	186	187.400,00
b) becoming due and payable after more than one year	1187	-	**187**	**97.183,00**	188	97.183,00
III. Investments	1189	-	**189**	**-**	190	-
1. Shares in affiliated undertakings	1191	-	**191**	**-**	192	-
2. Own shares	1209	-	**209**	**-**	210	-
3. Other investments	1195	-	**195**	**-**	196	-
IV. Cash at bank and in hand	1197	-	**197**	**6.475.000,00**	198	5.509.226,00
E. Prepayments	1199	7	**199**	**286.022,00**	200	142.383,00
TOTAL (ASSETS)			**201**	**13.277.992,00**	202	10.626.639,00

CAPITAL, RESERVES AND LIABILITIES

EUR

	Reference(s)			Current year		Previous year
A. Capital and reserves	1301	-	**301**	**8.162.981,00**	302	7.176.611,00
I. Subscribed capital	1303	8.1, 9	**303**	**5.600.000,00**	304	5.600.000,00
II. Share premium account	1305	-	**305**	**-**	306	-
III. Revaluation reserve	1307	-	**307**	**-**	308	-
IV. Reserves	1309	8.2, 9	**309**	**444.140,00**	310	384.536,00
1. Legal reserve	1311	8.2.1, 9	**311**	**209.604,00**	312	150.000,00
2. Reserve for own shares	1313	-	**313**	**-**	314	-
3. Reserves provided for by the articles of association	1315	-	**315**	**-**	316	-
4. Other reserves, including the fair value reserve	1429	8.2.2, 9	**429**	**234.536,00**	430	234.536,00
a) other available reserves	1431	-	**431**	**234.536,00**	432	234.536,00
b) other non available reserves	1433	-	**433**	**-**	434	-
V. Profit or loss brought forward	1319	9	**319**	**132.471,00**	320	-2.013.609,00
VI. Profit or loss for the financial year	1321	9	**321**	**1.986.370,00**	322	3.205.684,00
VII. Interim dividends	1323	-	**323**	**-**	324	-
VIII. Capital investment subsidies	1325	-	**325**	**-**	326	-
B. Provisions	1331	-	**331**	**1.119.524,00**	332	878.050,00
1. Provisions for pensions and similar obligations	1333	-	**333**	**-**	334	0,00
2. Provisions for taxation	1335	-	**335**	**-**	336	0,00
3. Other provisions	1337	2,10	**337**	**1.119.524,00**	338	878.050,00
C. Creditors	1435	-	**435**	**3.460.218,00**	436	1.889.996,00
1. Debenture loans	1437	-	**437**	**-**	438	-
a) Convertible loans	1439	-	**439**	**-**	440	-
i) becoming due and payable within one year	1441	-	**441**	**-**	442	-
ii) becoming due and payable after more than one year	1443	-	**443**	**-**	444	-
b) Non convertible loans	1445	-	**445**	**-**	446	-
i) becoming due and payable within one year	1447	-	**447**	**-**	448	-
ii) becoming due and payable after more than one year	1449	-	**449**	**-**	450	-
2. Amounts owed to credit institutions	1355	-	**355**	**-**	356	-
a) becoming due and payable within one year	1357	-	**357**	**-**	358	-
b) becoming due and payable after more than one year	1359	-	**359**	**-**	360	-
3. Payments received on account of orders in so far as they are shown separately as deductions from stocks	1361	-	**361**	**-**	362	-

continue

EUR

CAPITAL, RESERVES AND LIABILITIES

continue

	Reference(s)			Current year		Previous year
a) becoming due and payable within one year	1363	-	**363**	**-**	364	-
b) becoming due and payable after more than one year	1365	-	**365**	**-**	366	-
4. Trade creditors	1367	11	**367**	**21.304,00**	368	128.299,00
a) becoming due and payable within one year	1369	-	**369**	**21.304,00**	370	128.299,00
b) becoming due and payable after more than one year	1371	-	**371**	**-**	372	-
5. Bills of exchange payable	1373	-	**373**	**-**	374	-
a) becoming due and payable within one year	1375	-	**375**	**-**	376	-
b) becoming due and payable after more than one year	1377	-	**377**	**-**	378	-
6. Amounts owed to affiliated undertakings	1379	12	**379**	**1.325.891,00**	380	650.280,00
a) becoming due and payable within one year	1381	-	**381**	**1.325.891,00**	382	650.280,00
b) becoming due and payable after more than one year	1383	-	**383**	**-**	384	-
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	-	**385**	**-**	386	-
a) becoming due and payable within one year	1387	-	**387**	**-**	388	-
b) becoming due and payable after more than one year	1389	-	**389**	**-**	390	-
8. Other creditors	1451	-	**451**	**2.113.023,00**	452	1.111.417,00
a) Tax authorities	1393	-	**393**	**1.999.133,00**	394	1.080.689,00
b) Social security authorities	1395	-	**395**	**57.793,00**	396	7.475,00
c) Other creditors	1397	-	**397**	**56.097,00**	398	23.253,00
i) becoming due and payable within one year	1399	-	**399**	**56.097,00**	400	23.253,00
ii) becoming due and payable after more than one year	1401	-	**401**	**-**	402	-
D. Deferred income	1403	13	**403**	**535.269,00**	404	681.982,00
TOTAL (CAPITAL, RESERVES AND LIABILITIES)			**405**	**13.277.992,00**	406	10.626.639,00

PROFIT AND LOSS ACCOUNT

Financial Year From April 1, 2017 To March 31, 2018

EUR

	Reference(s)			Current year		Previous year
1. Net turnover	1701	14	**701**	**21.122.959,00**	702	22.385.950,00
2. Variation in stocks of finished goods and in work in progress	1703	-	**703**	**-**	704	-
3. Work performed by the undertaking for its own purposes and capitalised	1705	-	**705**	**-**	706	-
4. Other operating income	1713	15	**713**	**488.944,00**	714	335.083,00
5. Raw materials and consumables and other external expenses	1671	-	**671**	**-12.627.593,00**	672	-13.526.161,00
a) Raw materials and consumables	1601	-	**601**	**-13.627,00**	602	-30.800,00
b) Other external expenses	1603	-	**603**	**-12.613.966,00**	604	-13.495.361,00
6. Staff costs	1605	16	**605**	**-5.825.006,00**	606	-5.136.484,00
a) Wages and salaries	1607	-	**607**	**-5.437.735,00**	608	-4.786.325,00
b) Social security costs	1609	-	**609**	**-280.879,00**	610	-230.700,00
i) relating to pensions	1653	-	**653**	**-135.928,00**	654	-180.388,00
ii) other social security costs	1655	-	**655**	**-144.951,00**	656	-50.312,00
c) Other staff costs	1613	-	**613**	**-106.392,00**	614	-119.459,00
7. Value adjustments	1657	-	**657**	**51.891,00**	658	7.019,00
a) in respect of formation expenses and of tangible and intangible fixed assets	1659	4	**659**	**-8.754,00**	660	-7.424,00
b) in respect of current assets	1661	-	**661**	**60.645,00**	662	14.443,00
8. Other operating expenses	1621	17	**621**	**-228.657,00**	622	-177.507,00
9. Income from participating interests	1715	-	**715**	**-**	716	-
a) derived from affiliated undertakings	1717	-	**717**	**-**	718	-
b) other income from participating interests	1719	-	**719**	**-**	720	-
10. Income from other investments and loans forming part of the fixed assets	1721	-	**721**	**-**	722	-
a) derived from affiliated undertakings	1723	-	**723**	**-**	724	-
b) other income not included under a)	1725	-	**725**	**-**	726	-

continue

PROFIT AND LOSS ACCOUNT

Financial Year From April 1, 2017 To March 31, 2018

continue

EUR

	Reference(s)		Current year		Previous year	
11. Other interest receivable and similar income	1727	-	**727**	**14,074,00**	728	9.695,00
a) derived from affiliated undertakings	1729	-	**729**	**-**	730	-
b) other interest and similar income	1731	-	**731**	**14.074,00**	732	9.695,00
12. Share of profit or loss of undertakings accounted for under the equity method	1663	-	**663**	**-**	664	-
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	-	**665**	**-**	666	-
14. Interest payable and similar expenses	1627	-	**627**	**-120.183,00**	628	-34.610,00
a) concerning affiliated undertakings	1629	-	**629**	**-**	630	-
b) other interest and similar expenses	1631	-	**631**	**-120.183,00**	632	-34.610,00
15. Tax on profit or loss	1635	18	**635**	**-854.179,00**	636	-637.451,00
16. Profit or loss after taxation	1667	-	**667**	**2.022.250,00**	668	3,225.534,00
17. Other taxes not shown under items 1 to 16	1637	18	**637**	**-35.880,00**	638	-19.850,00
18. Profit or loss for the financial year	1669	-	**669**	**1,986.370,00**	670	3.205.684,00

Notes forming part of the Financial Statements

1. ORGANISATION AND BUSINESS PURPOSE

TATA CONSULTANCY SERVICES LUXEMBOURG S.A. (the "Company") was incorporated on October 28, 2005 as a "Société Anonyme" under the laws of the Grand Duchy of Luxembourg for an unlimited period.

The Company is registered at 89 D, Rue Pafebruch, L-8308 Capellen and its commercial register number is R.C.S. Luxembourg B112.110.

The Company is a subsidiary of Tata Consultancy Services Netherlands B.V., a company organised under the Netherlands' laws under registered number 33237130 and whose registered address is Gustav Mahlerplein 85-91, 1082 MS Amsterdam, the Netherlands.

Tata Consultancy Services Netherlands B.V., a company organised under the Netherlands' laws is a subsidiary of TATA Consultancy Services Limited, a company incorporated under the laws of India under registered number L22210MH1995PLC084781 and whose registered address is Nirmal Building, 9th Floor, Nariman Point, Mumbai - 400 021, India.

The Company's object is the management and operating of information technology ("IT") and communication systems of credit institutions, professionals of the financial sector, undertakings for collective investment or pension funds established under Luxembourg or foreign laws. The Company may also develop and own IT and communication systems and make them available to its aforesaid clients.

The object includes the processing and transfer of data stored in the IT systems.

The Company may also provide IT systems implantation and maintenance services.

The Company co-operates with other entities of the Tata Consultancy Services Group.

The Company has the status of a professional of the financial sector, as such it may carry out any activities deemed useful for the accomplishment of its object remaining however within the limitations of articles 29(1), 29(2), 29(3) and 29(4) of the amended Luxembourg law of April 5, 1993 relating to the financial sector.

The Company's financial year starts on April 1 and ends on March 31 every year.

The consolidated accounts of TATA Consultancy Services Limited, which form the smallest and largest body of undertakings in which the Company is included, are available at the following address: Nirmal Building, 9th Floor, Nariman Point, Mumbai - 400 021, India.

2. COMPARATIVE FIGURES

The figures for the year ended March 31, 2017, related to "provision for volume discount" that were classified to the item "Other provisions" have been reclassified to item "Trade debtor" to ensure comparability with the figures for the year ended March 31, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The Company maintains its books and records in Euro (EUR) and the annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements and the going concern principle under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the amended Law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements 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 circumstance.

b. Significant accounting policies

Formation Expenses

The formation expenses of the Company are directly charged to the profit and loss account of the year in which they are incurred.

Fixed assets

The value of intangible and tangible fixed assets with limited useful economic lives is reduced by value adjustments calculated to write off the value of such assets systematically over their useful economic lives.

The depreciation rates applied are as follows:

- Plant and machinery : 10%, 20% or 25%

- Other fixures and fittings, tools and equipment : 10%, 20% or 25%

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Debts

Debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is recorded in the profit and loss account when the debt is issued.

Foreign currency translation

These annual accounts are expressed in EUR.

The transactions made in a currency other than EUR are translated into EUR at the exchange rate prevailing at the transaction date.

Long-term assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historic exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

All other assets and liabilities expressed in a currency other than EUR are translated separately respectively at the lower and at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates prevailing at the balance sheet date. Solely the unrealized exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

Revenues from operations

Revenues which are derived from management and operating of Information Technology are recognised over the term of related contract in the period when the services are provided.

Works in progress are classified as invoices to be issued under the caption "Trade debtors". Then invoices are issued in accordance with milestones set in the "Statement of work" agreed with each client.

Provisions

Provisions are intended to cover losses or debts the nature of which is clearly defined and which, at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created to cover charges that have originated in the financial year under review or in previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provision for taxation

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years are recorded under the caption "Other creditors - Tax authorities". The advance tax payments are shown in the assets of the balance sheet under the "Other debtors" item.

Prepayments

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year.

Deferred income

This liability item includes income received during the financial year but relating to a subsequent financial year.

4. FIXED ASSETS

The following movements have occurred in the course of the financial year:

EUR

ITEM	Gross value at the beginning of the financial year	Additions	Transfers	Gross value at the end of the financial year	Cumulative value adjustments at the beginning of the year	Value adjustments for the year	Cumulative value adjustments at the end of the year	Net value at the end of the financial year
Intangible Assets	166.856	-	-	**166.856**	(166.856)	-	**(166.856)**	-
Licences and similar rights and assets	166.856	-	-	**166.856**	(166.856)	-	**(166.856)**	-
Tangible Assets	2.555.734	**9.508**	-	**2.565.242**	(2.535.267)	**(8.754)**	**(2.544.021)**	**21.221**
Plant and machinery	621.040	-	-	**621.040**	(613.486)	**(1.553)**	**(615.039)**	**6.001**
Other fixtures and fittings, tools and equipment	1.933.827	-	**10.341**	**1.944.168**	(1.921.781)	**(7.201)**	**(1.928.982)**	**15.186**
Payments on account & tangible fixed assets under development	867	**9.508**	**(10.341)**	**34**	-	-	-	**34**
TOTAL	2.722.590	**9.508**	-	**2.732.098**	(2.702.123)	**(8.754)**	**(2.710.877)**	**21.221**

5. TRADE DEBTORS AND AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

Trade debtors are resulting from IT application support and application development business.

Claims on affiliated undertakings amount to EUR 121.542 (March 31, 2017: EUR 42.239) and result from sales and services provided. Income on work in process not yet invoiced to clients amounts to EUR 235.972 (March 31, 2017: EUR 291.485).

6 OTHER DEBTORS

Other debtors may be broken down as follows:

EUR

	Within one-year	After more than one year	TOTAL 2018	TOTAL 2017
Security deposit for premises	-	97.183	97.183	97.183
Staff allowance for travel and recoverable expenses	251.998	-	251.998	160.501
Advances for taxes	35.454	-	35.454	26.899
TOTAL	**287.452**	**97.183**	**384.635**	**284.583**

7. PREPAYMENTS

This asset item includes expenditure incurred during the financial year but relating to the financial year ended March 31, 2019 for an amount of EUR 286.022 (March 31, 2017: EUR 142.383).

8. CAPITAL AND RESERVES

a. Subscribed capital

The issued capital is set as EUR 5.600.000, consisting of 5.600 registered shares with par value of EUR 1.000 fully paid up.

b. Reserves

Legal reserve

In accordance with Luxembourg commercial law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

Other reserves

The other free reserves remain at EUR 234.536 (March 31, 2017: EUR 234.536).

9. MOVEMENTS FOR THE YEAR ON CAPITAL, RESERVES AND PROFIT AND LOSS ITEMS

The movements for the year are as follows:

EUR

	Subscribed-capital	Legal reserve	Other reserves	Result brought forward	Result for the financial year	TOTAL
31/03/2017	5.600.000	150.000	234.536	(2.013.609)	3.205.684	7.176.611
Movements for the year:						
- Allocation of previous year's result	-	59.604	-	3.146.080	(3.205.684)	-
- Dividend distribution	-	-	-	(1.000.000)	-	(1.000.000)
- Result for the year	-	-	-	-	1.986.370	1.986.370
31/03/2018	**5.600.000**	**209.604**	**234.536**	**132.471**	**1.986.370**	**8.162.981**

10. PROVISIONS

Other provisions may be broken down as follows:

EUR

	2018	2017
Provision for subcontracting expenses	**382.859**	294.626
Provision for emoluments	**218.630**	137.793
Provision for intercompany expenses	**277.045**	143.352
Provision for professional fees	**113.162**	78.730
Provision for foreseeable losses	**-**	79.595
Others	**127.828**	143.954
	1.119.524	878.050

a. Others

Others consists mainly of Tata Brand Equity Provision (EUR 55.000). Provision for doubtful advances (EUR 18.492) Employee Expenses Claims (18.354)

11. TRADE CREDITORS

Trade creditors are made up of suppliers payable.

12. AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

Amounts owed to affiliated undertakings are made of debts on purchase and services for an amount of EUR 1.325.891 (March 31, 2017: EUR 650.280).

13. DEFERRED INCOME

Deferred income includes income related to the financial year ended March 31, 2019.

14. NET TURNOVER

Net turnover for the year is made up of income for services rendered like application maintenance and developments as well as Standard Banking Platform implementations and specific projects in the Grand Duchy of Luxembourg.

15. OTHER OPERATING INCOME

As at year-end, the Company's other operating income may be analysed as follows:

EUR

	2018	2017
Others	**-**	375
Subsidies for operating activities	**29.003**	86.600
Benefits in kind	**257.845**	248.108
Other miscellaneous income	**202.096**	-
TOTAL	**488.944**	355.083

a. Other miscellaneous income

Regarding the pension obligation in FY 2015-16, it was confirmed by the insurers that this obligation is backed by the insurance contract and the Company will not bear any liability or risk. In view of this confirmation, the provision was no longer required and was reversed in 2015-16. However a further provision of Euro 202,096 for the same pension obligation was still in the books. This later was identified in FY 2017-18 and as it is no longer required, it has been written back and considered as miscellaneous income.

16. STAFF

The average number of persons employed during the financial year by the Company is as follows:

	2018 Number	2017 Number
Senior Management	**2**	2
Management	**1**	1
Employees	**74**	64
TOTAL	**77**	67

17. OTHER OPERATING EXPENSES

As at March 31, 2018, the Company's other operating expenses may be analysed as follows:

EUR

	2018	2017
Staff & Wages - Meal Allowance	**174.785**	120.507
Tata Brand Equity Contribution	**53.872**	57.000
	228.657	177.507

18. TAXATION

The Company is subject to all the taxes relevant to commercial companies in Luxembourg.

19. COMMITMENTS

The commitments may be broken down as follows:

EUR

	Within one year	After more than one year	TOTAL 2018	TOTAL 2017
Fixed rental payments contracted on office building	**157.949**	**78.975**	**236.924**	102.475
Company cars leasing	**46.881**	**29.910**	**76.791**	133.078
Bank guarantee	**-**	**-**	**-**	372.600
TOTAL	**204.830**	**108.885**	**313.715**	**608.153**

a. Bank guarantee

In order to guarantee the good performance by the Company of certain contracts concluded with the European Commission, a Luxembourg bank issued, for an unlimited period, unconditional and irrevocable letters of guarantee in favour of the European Commission. As at March 31, 2017, the aggregated value guaranteed by the Luxembourg bank, and which is fully counter-guaranteed by the Company, amounted to EUR 372.600.

As at March 31, 2018, the Company has no long term commitments anymore as the European Commission has formalized the cancellation of the bank guarantee due to the completeness of the contract.

20 EMOLUMENTS, ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

The Company has not granted any emoluments in respect of the financial year to members of the management and supervisory bodies by reason of their responsibilities.

As at March 31, 2018, the Company has not granted advances or loans to members of its administration.

21. RELATED PARTIES

During the year, no significant transactions were concluded outside the normal market conditions with persons holding participations in the company neither with entities in which the company holds participations, nor with members of the administrative, management or supervisory bodies of the Company.

22. SUBSEQUENT EVENTS

No significant subsequent event has occurred since the balance sheet date.

Tata Consultancy Services Osterreich GmbH

FINANCIAL STATEMENTS

For the year ended March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

CONTENT	PAGE

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

TATA CONSULTANCY SERVICES OSTERREICH GMBH

Report on the Special purpose Ind AS Financial Statements

We have audited the accompanying Special purpose Ind AS financial statements of Tata Consultancy Services Osterreich GMBH ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Special purpose Ind AS financial statements"). The Special purpose Ind AS financial information have been prepared by the management as described in Note 2(a) to the Special purpose Ind AS financial statements.

Management's Responsibility for the Special purpose Ind AS Financial Statements

Management is responsible for the preparation of these Special purpose Ind AS financial statements that give a true and fair view of the state of affairs, loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ('the Act') as described in Note 2(a) to the Special purpose Ind AS financial statements.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Special purpose Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder, to the extent applicable

We conducted our audit of the Special purpose Ind AS financial statements in accordance with the Standards on Auditing specified under Sub-Section 10 of Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Special purpose Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Special purpose Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Special purpose Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Special purpose Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's management, as well as evaluating the overall presentation of the Special purpose Ind AS financial statements.

Auditor's Responsibility (Continued)

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special purpose Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special purpose Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view of the state of affairs of the Company as at 31 March 2018 and its loss (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date in accordance with the basis of accounting described in Note 2(a) to the Special purpose Ind AS financial statements.

Basis of Accounting and Restriction on Use

We draw attention to Note 2(a) to the Special purpose Ind AS financial statements, which describes the basis of accounting. The Special purpose Ind AS financial statements are prepared to assist the ultimate holding Company, Tata Consultancy Services Limited, to comply with the requirements of Section 129(3) of the Act. As a result the Special purpose Ind AS financial statements may not be suitable for other purpose.

Our opinion on the Special purpose Ind AS financial statements is not modified in respect of the above matters

Other Matter

Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 31 May 2017 on the Ind AS financial statements of the Company for the year ended 31 March 2017.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
14 May 2018

Balance Sheet

(Amount in : EUR)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS:			
Non-current assets			
(a) Property, plant and equipment	3	**3,708**	-
(b) Income tax assets (net)	4	**6,729**	-
(c) Deferred tax asset	4	**119,470**	-
Total non-current assets		**129,907**	-
Current assets			
(a) Financial assets			
(i) Trade receivables	5	**936,560**	934,019
(ii) Cash and cash equivalents	6	**889,105**	2,697,102
(iii) Unbilled revenue		**213,265**	10,753
(iv) Short-term loans	7	**11,994**	13,410
(v) Other financial assets	8	**-**	2,303
(b) Other assets	9	**-**	11,866
Total non-current assets		**2,050,924**	3,669,453
TOTAL ASSETS		**2,180,831**	3,669,453
EQUITY AND LIABILITIES			
Equity:			
(a) Share capital	10	**35,000**	35,000
(b) Other equity	11	**204,770**	560,687
Total equity		**239,770**	595,687
Liabilities			
Non-current liabilities			
(a) Deferred tax liabilities	4	**-**	2,495
Total non current liabilities		**-**	2,495
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	12	**1,732,172**	2,778,821
(ii) Other financial liabilities	13	**-**	2,424
(b) Unearned and deferred revenue		**11,251**	-
(c) Income tax liabilities (net)	4	**35,901**	80,926
(d) Employee benefit obligation		**60**	-
(e) Other liabilities	14	**161,677**	209,100
Total current liabilites		**1,941,061**	3,071,271
TOTAL EQUITY AND LIABILITIES		**2,180,831**	3,669,453
NOTES FORMING PART OF THE FINANCIAL STATEMENTS.	1-21		

As per our report of even date attached.

For and on behalf of the Board of Directors
of Tata Consultancy Services Osterreich GmbH

For B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Pradeep Manohar Gaitonde
Director
Paris, France, May 11, 2018

Rajesh Mehra
Partner
Membership No: 103145
Mumbai, May, 14, 2018

Sapthagiri Chapalapalli
Director
Frankfurt, Germany, May 11, 2018

Statement of Profit or Loss

(Amount in : EUR)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from operations		**3,691,935**	3,379,311
Other income (net)	15	**83**	7,433
TOTAL INCOME		**3,692,018**	3,386,744
Expenses			
(a) Employee benefit expenses	16	**561,894**	485,254
(b) Other operating expenses	17	**3,606,756**	2,642,138
(c) Finance costs	18	**374**	-
(d) Depreciation expense		**876**	-
TOTAL EXPENSES		**4,169,900**	3,127,392
(LOSS) / PROFIT BEFORE TAX(III - IV)		**(477,882)**	259,352
Tax Expenses:			
(a) Current tax		**-**	62,343
(b) Deferred tax		**(121,965)**	2,495
		(121,965)	64,838
(LOSS) / PROFIT FOR THE YEAR		**(355,917)**	194,514
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		**(355,917)**	194,514
NOTES FORMING PART OF THE FINANCIAL STATEMENTS.	1-21		

As per our report of even date attached.

For and on behalf of the Board of Directors
of Tata Consultancy Services Osterreich GmbH

For B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Pradeep Manohar Gaitonde
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Paris, France, May 11, 2018

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Partner
Membership No: 103145
Mumbai, May, 14, 2018

Sapthagiri Chapalapalli
Director
Frankfurt, Germany, May 11, 2018

Statement of changes in Equity and Other equity

A. EQUITY SHARE CAPITAL

(Amount in : EUR)

Balance as at April 1, 2016	Changes in equity share capital during the year	Balances as at March 31,2017
35,000	-	35,000

(Amount in : EUR)

Balances as at April 1,2017	**Changes in equity share capital during the year**	**Balances as at March 31,2018**
35,000	**-**	**35,000**

B. OTHER EQUITY

(Amount in : EUR)

	Retained earnings	**Total Equity attributable to shareholders of the company**
Balance as at April 1, 2016	366,172	366,172
Profit of the year	194,515	194,515
Balance as at March 31, 2017	**560,687**	**560,687**
Balance as at April 1,2017	**560,687**	**560,687**
(Loss) of the year	**(355,917)**	**(355,917)**
Balance as at March 31, 2018	**204,770**	**204,770**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS. 1-21

As per our report of even date attached.

For and on behalf of the Board of Directors
of Tata Consultancy Services Osterreich GmbH

For B S R & Co. LLP
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Paris, France, May 11, 2018

Rajesh Mehra
Partner
Membership No: 103145
Mumbai, May, 14, 2018

Sapthagiri Chapalapalli
Director
Frankfurt, Germany, May 11, 2018

Statement of Cash Flows

(Amount in : EUR)

	Note	Year ended March 31, 2018	Year ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss) / Profit for the year		**(477,882)**	259,352
Adjustments to reconcile profit and loss to net cash provided by operating activities:			
Depreciation		**876**	-
Provision for doubtful debts (net)		**-**	(1,280)
Unrealised exchange gain		**(83)**	(7,433)
Operating (Loss) / profit before working capital changes		**(477,089)**	250,639
Net change in:			
Trade receivables		**(2,541)**	(547,221)
Unbilled revenue		**(202,512)**	68,057
Loans and Other financial assets		**3,720**	24,309
Other assets		**11,866**	(22,225)
Trade and other payables		**(1,046,649)**	594,205
Other financial liabilities		**(2,424)**	(27,015)
Unearned and deferred revenue		**11,251**	(22,790)
Other liabilities		**(47,423)**	125,536
Employee benefit obligation		**60**	-
Cash generated from operations		**(1,751,742)**	462,694
Taxes paid		**(51,755)**	(62,703)
Net cash (used in) / provided by operating activities		**(1,803,497)**	399,991
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(4,584)**	-
Net cash (used in) / provided by investing activities		**(4,584)**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by financing activities		**-**	-
Net change in cash and cash equivalents		**(1,808,080)**	399,991
Cash and cash equivalents, beginning of the year		**2,697,102**	2,289,683
Exchange difference on translation of foreign currency cash and cash equivalents		**83**	7,429
Cash and cash equivalents, end of the year (Refer Note 5)		**889,105**	2,697,103
NOTES FORMING PART OF THE FINANCIAL STATEMENTS.	1-21		

As per our report of even date attached.

For and on behalf of the Board of Directors
of Tata Consultancy Services Osterreich GmbH

For B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Pradeep Manohar Gaitonde
Director
Paris, France, May 11, 2018

Rajesh Mehra
Partner
Membership No: 103145
Mumbai, May, 14, 2018

Sapthagiri Chapalapalli
Director
Frankfurt, Germany, May 11, 2018

Notes forming part of the Financial Statements

1. COMPANY INFORMATION

Tata Consultancy Services Osterreich GmbH is into business of providing a wide range of information technology and consultancy services.

The Company is incorporated in Austria. The address is Schottengasse 1, 1010 Wien, Austria as at March 31, 2018.Tata Consultancy Services Netherlands B.V ,the holding company owned 100% of the Company's equity share capital.

The financial statements for the year ended March 31,2018 were approved by Board of Directors and authorised for issue on May 11,2018.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These 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. This special purpose financial statements have been prepared for inclusion of Tata Consultancy Services Limited (Ultimate Holding Company) under the requirement of Section 129(3) of the Companies Act, 2013('the Act').

b. Basis of Preparation

These financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value 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. These financial statements have been presented in EURO.

c. Use of estimates and judgments

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses for the years presented.

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.

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, is in respect of useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities and employee benefits have been discussed in their respective policies.

Estimates & assumptions:

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2(h).

Provisions and contingent liabilities

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 a reliable estimate can be made. These are reviewed at each Balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

d. Revenue recognition

Contracts are unbundled into separately identifiable components and the consideration is allocated to those identifiable components on the basis of their fair values. Revenue is recognised for respective components either at the point in time or over time, as applicable.

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Revenue from software development contracts, which are generally time bound fixed price contracts, is recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognised when probable. Revenue in excess of billings is recognised as unbilled revenue in the balance sheet; to the extent billings are in excess of revenue recognised, the excess is reported as unearned and deferred revenue in the Balance sheet.

Revenue from the sale of internally developed and manufactured systems which do not require significant modification is recognised upon delivery, which is when the absolute right to use passes to the customer and the company does not have any material remaining service obligations.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

Revenue is reported net of discounts and indirect taxes.

e. Operating Lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Operating lease payments are recognised on a straight line basis over the lease term in the Statement of profit and loss, unless the lease agreement explicitly states that increase is on account of inflation.

f. Cost Recognition

Costs and expenses are recognised when incurred and have been classified according to their nature.

The costs of the Company are broadly categorised in employee benefit expense, depreciation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, cost running its facilities, travel expenses, communication costs allowances for doubtful receivables and other expenses.

g. Foreign currency transactions

The functional currency of the Company is Euro.

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 Balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the Statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

h. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in Statement of profit and 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.

Current income taxes

The current income tax expense for the entity has been computed based on the tax laws applicable in the jurisdiction in which it operates.

Notes forming part of the Financial Statements

Advance taxes and provisions for current income taxes are presented in the Balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction and where the Company intends to settle the asset and liability on a net basis.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

Deferred 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.

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.

i. 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.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

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 to collect contractual cash flows and the contractual terms of the financial assets 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 or loss

Financial assets are measured at fair value through profit or loss unless they are 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 or loss are immediately recognised in Statement of profit and loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

j. Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation.

Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives for Computer equipment is 4 years and method of depreciation is straight line basis.

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset are ready for its intended use.

k. Impairment

(i) Financial assets (other than at fair value)

The Company assesses at each date of Balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, 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 is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, the Company recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

Tangible and intangible assets

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.

l. Employee benefits

All the employees of the Company have been seconded from the ultimate holding company. The costs relating to the employee cost is the same as reimbursed to the ultimate holding company which is including the retirement cost as applicable to such seconded Employees. Hence no separate actuarial valuation is carried out by the Company.

m. Earning per share

The Company does not have number of equity shares and hence calculation of Earning per share is not applicable.

Notes forming part of the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

(Amount in : EUR)

Description	As at March 31, 2018 Computer equipment	As at March 31, 2017 Computer equipment
Cost as at April 1, 2017	**-**	-
Additions	**4,584**	-
Disposals	**-**	-
Cost as at March 31, 2018	**4,584**	-
Accumulated depreciation as at April 1, 2017	**-**	-
Depreciation expense for the year	**(876)**	-
Accumulated Depreciation as at March 31, 2018	**(876)**	-
Net carrying amount as at March 31, 2018	**3,708**	-

4. INCOME TAX

The major components of income tax expense for the year ended 31 March 2018 and 31 March 2017 are:

(Amount in : EUR)

Particulars	As at March 31, 2018	As at March 31, 2017
Profit and loss account		
Current income tax	**-**	62,343
Deferred tax (credit)/ charge	**(121,965)**	2,495
Tax (credit)/expense reported in the profit and loss	**(121,965)**	64,838

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(Amount in : EUR)

	As at March 31, 2018	As at March 31, 2017
(Loss)/Profit before tax	**(477,882)***	259,353
Enacted income tax rate in TCS Osterreich	**25%**	25%
Computed expected tax expense	**(119,470)**	64,838
Effect of:		
Deferred tax (credit)/ charge	**(2,495)**	2,495
Total tax (credit)/expense	**(121,965)**	67,333

The tax rates under TCS Osterreich Income Tax Act, for the year ended March 31, 2018 and March 31, 2017 is 25%.
*Deferred tax credit recognized on loss for the year.

Deferred tax

Deferred tax relates to the following:

(Amount in : EUR)

	Balance sheet		Statement of profit and loss	
	As at		For the period ended	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Deferred tax assets*	**119,470**	-	**119,470**	-
Deferred tax liabilities	**-**	2,495	**2,495**	2,495
Net deferred tax assets/ (liabilities) recognized	**119,470**	2,495	**121,965**	2,495

*During the current year, the Company has recognized deferred tax assets on unabsorbed losses to the extent that it is probable that taxable profit will be available against which unabsorbed losses can be utilized.

The following table provides the details of deferred tax assets recognized as of 31 March 2018, 31 March 2017:

(Amount in : EUR)

Particulars	**As at March 31, 2018**	As at March 31, 2017
Deferred tax assets	**119,470**	-
Deferred tax liabilities	**-**	2,495
Net deferred tax assets at the end of the year	**119,470**	2,495

The following table provides the details of income tax assets and income tax liabilities as of 31 March 2018, 31 March 2017:

(Amount in : EUR)

Particulars	**As at March 31, 2018**	As at March 31, 2017
Income tax assets	**6,729**	-
Income tax liabilities	**35,901**	80,924
Net income tax assets at the end of the year	**(29,172)**	(80,924)

5. TRADE RECEIVABLES (UNSECURED)

Trade receivables(unsecured) consist of the following:

(Amount in : EUR)

	As at March 31, 2018	As at March 31, 2017
(a) Considered good	**936,560**	934,019
(b) Considered doubtful		
Less: Provision for doubtful receivables	**-**	-
	936,560	934,019

Above balance of trade receivables include balances with related parties (Refer note 21).

Notes forming part of the Financial Statements

6. CASH AND CASH EQUIVALENTS

(Amount in : EUR)

	As at March 31, 2018	As at March 31, 2017
Cash and bank balances consist of the following:		
(a) Balances with banks		
In current accounts	**889,105**	2,697,102
	889,105	2,697,102

7. SHORT-TERM LOANS

(Amount in : EUR)

	As at March 31, 2018	As at March 31, 2017
Loans (unsecured) consist of the following:		
Considered good		
Loans and advances to employees	**11,994**	13,410
	11,994	13,410

8. OTHER FINANCIAL ASSETST

(Amount in : EUR)

	As at March 31, 2018	As at March 31, 2017
(Unsecured and considered goods, unless otherwise stated)		
Others	**-**	2,303
	-	2,303

9. OTHER ASSETS

(Amount in : EUR)

	As at March 31, 2018	As at March 31, 2017
(Unsecured and Considered good,unless otherwise stated)		
(a) Advance to suppliers	**-**	174
(b) Others recoverable expenses	**-**	11,692
	-	11,866

10. SHARE CAPITAL

(Amount in : EUR)

	As at March 31, 2018	As at March 31, 2017
(a) Authorised:	**35,000**	35,000
Equity share capital		
(Share Capital of EUR 35000, PY EUR 35000)		
	35,000	35,000
(b) Issued, Subscribed and Paid up	**35,000**	35,000
Equity share capital		
(Share Capital of EUR 35,000, PY EUR 35,000)		
	35,000	35,000

Notes forming part of the Financial Statements

i) Reconcilation of number of shares

(Amount in : EUR)

	As at March 31, 2018		As at March 31, 2017	
	Number of shares*	Amount	Number of shares*	Amount
Equity shares				
Opening balance		**35,000**		35,000
Changes during the year		**-**		-
Closing balance		**35,000**		35,000

*The company does not have number of equity shares.

ii) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Equity Shares (Amount in : EUR)

TCS Netherlands NV	As at March 31, 2018	As at March 31, 2017
(Holding Company)	**35 000**	35 000
% Holding in class	**100%**	100%

iii) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares which is an 100% investment by TCS Netherlands. Since TCS Netherlands is the only shareholder for the Company , TCS Netherlands carry a right to dividend and also in the event of liquidation, TCS Netherlands is eligible to receive the remaining assets of the Company.

11. OTHER EQUITY

(Amount in : EUR)

	As at March 31, 2018	As at March 31, 2017
Retained earnings		
(i) Opening balance	**560,687**	366,172
(ii) (Loss) / Profit for the year	**(355,917)**	194,515
	204,770	560,687

12. TRADE AND OTHER PAYABLES

(Amount in : EUR)

	As at March 31, 2018	As at March 31, 2017
Trade payables consist of the following:		
Accrued expenses	**974,196**	110,724
Trade and other payables	**757,976**	2,668,097
	1,732,172	2,778,821

Notes forming part of the Financial Statements

13. OTHER FINANCIAL LIABILITIES

(Amount in : EUR)

	As at March 31, 2018	As at March 31, 2017
Liability towards customer contracts	**-**	2,424
	-	2,424

14. OTHER LIABILITIES

(Amount in : EUR)

	As at March 31, 2018	As at March 31, 2017
(a) Advance received from customers	**2,875**	85,162
(b) Indirect tax payable and other statutory liabilities	**158,802**	123,938
	161,677	209,100

15. OTHER INCOME (NET)

Other Income (net) consist of the following:

(Amount in : EUR)

	Year ended March 31, 2018	Year ended March 31, 2017
Net foreign exchange gains	**-**	6,772
Miscellaneous income	**83**	661
	83	7,433
Interest income comprise :		
Interest on bank deposits	**-**	-
Net foreign exchange gains include:		
Net foreign exchange gains- Collection / Remittanc	**-**	6,772
Miscellaneous income comprise :		
Other gains net - Others	**83**	661

16. EMPLOYEE BENEFIT EXPENSE

Employee benefit expense consist of the following:

(Amount in : EUR)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Salaries, incentives and allowances	**538,729**	463,206
(b) Contributions to provident and other funds	**20,066**	17,186
(c) Staff welfare expenses	**3,099**	4,862
	561,894	485,254

17. OTHER OPERATING EXPENSES

(Amount in : EUR)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Fees to external consultants(Including subcontractor cost)*	**1,952,816**	659,712
(b) Facility running expenses	**7,659**	5,118
(c) Travel expenses	**35,798**	30,185
(d) Communication expenses	**613**	277
(e) Reversal of provision for doubtful receivables	**-**	(1,280)
(f) Other expenses*	**1,609,870**	1,948,126
	3,606,756	2,642,138
*Other Expenses		
Project Expenses	**1,470,249**	1,821,058
Other Expenses	**137,844**	127,068
* Cost of personnel on deputation from TCS.	**1,608,093**	1,948,126

18. FINANCE COSTS

(Amount in : EUR)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Other interest expenses	**374**	-
	374	-

19. FINANCIAL INSTRUMENTS

The significant accounting policies,including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised,in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 (i) to the financial statements.

a) Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31,2018 is as follows:

(Amount in : EUR)

	Amortised cost	Total carrying value
Financial assets:		
Cash and cash equivalents	**889,105**	**889,105**
Trade receivables	**936,560**	**936,560**
Unbilled revenues	**213,265**	**213,265**
Short-term loans	**11,994**	**11,994**
	2,050,924	**2,050,924**
Financial liabilities:		
Trade and other payables	**1,732,172**	**1,732,172**
	1,732,172	**1,732,172**

Notes forming part of the Financial Statements

The carrying value of financial instruments by categories as at March 31,2017 is as follows:

(Amount in : EUR)

	Amortised cost	Total carrying value
Financial assets:		
Cash and cash equivalents	2,697,102	2,697,102
Trade receivables	934,019	934,019
Unbilled revenues	10,753	10,753
Short-term loans	13,410	13,410
Other financial assets	2,303	2,303
	3,657,587	3,657,587
Financial liabilities:		
Trade and other payables	2,778,821	2,778,821
Other financial liabilities	2,424	2,424
	2,781,245	2,781,245

Fair value hierarchy
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).
There are no financial liabilities or assets measured at fair value at the end of each reporting period.

b) Financial risk management:

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

i) 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 value of financial instrument may result from changes in foreign currency exchange rates, liquidity and other market changes.The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchanges rates may have potential impact on the Statement of profit and loss, 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.

The following table sets forth information relating to foreign currency exposure as at March 31,2018:

(Amount in : EUR)

Foreign currency exposure in	**USD**	**SEK**	**DKK**	**Total**
Assets:				
Cash and cash equivalents	**327,024**	**-**	**-**	**327,024**
Total	**327,024**	**-**	**-**	**327,024**
Liabilities:				
Trade payables	**180,255**	**1,300**	**180**	**181,735**
Net exposure asset / (liability)	**180,255**	**1,300**	**180**	**181,735**

Notes forming part of the Financial Statements

10% appreciation/depreciation of respective foreign currency with respect to functional currency of the company would result in decrease/increase in the company's profit before tax by approximately 14,529 EUR for the year ended March 31,2018.

The following table sets forth information relating to foreign currency exposure as at March 31,2017:

(Amount in : EUR)

Foreign currency exposure in	INR	USD	DKK	Total
Assets:				
Cash and cash equivalents	-	382,392	-	382,392
Trade receivables	-	24,756	-	24,756
Unbilled revenues	(19,275)	13,365	-	(5,910)
Other financial assets	-	2,303	-	2,303
Total	(19,275)	422,816	-	403,541
Liabilities:				
Trade and other payables	-	247,806	2,016	249,822
Other financial liabilities	-	2,424	-	2,424
Net exposure asset / (liability)	-	250,230	2,016	252,246

10% appreciation/depreciation of respective foreign currency with respect to functional currency of the company would result in decrease/increase in the company's profit before tax by approximately 15,130 EUR for the year ended March 31,2017.

(ii) 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 consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significan financial liablities

(Amount in : EUR)

As at March,31 2018	Due in 1st year
Non-derivative financial liabilities:	
Trade payables	**1,732,172**
Total	**1,732,172**

(Amount in : EUR)

As at March,31 2017	Due in 1st year
Non-derivative financial liabilities:	
Trade and other payables	2,778,821
Other financial liabilities	2,424
Total	2,781,245

(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.

Notes forming part of the Financial Statements

Exposure to credit risk The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was 2,052,701 EUR and 3,657,588 EUR as at March 31, 2018, and March 31, 2017, respectively, being the total of the carrying amount of balances with banks,trade receivables, unbilled revenue,short-term loans and other financial assets.

The Company's exposure to customers is diversified and single customer which explains more than 10% of outstanding trade receivable and unbilled revenue as at March 31, 2018 and March 31, 2017 respectively are as follows.

(Amount in : EUR)

	As at March 31, 2018		As at March 31, 2017	
	Total Trade receivables and Unbilled revenue	**Percentage**	Total Trade receivables and Unbilled revenue	Percentage
Customer A	**1,044,488**	**92%**	-	-
Customer B	-	-	460,080	49%
Customer C	-	-	204,282	22%

Company's cash and cash equivalents, trade receivables, unbilled revenue,short-term loans and other financial assets are substantially held in Austria.

20. SEGMENT REPORTING

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluted regularly by the chief operating decision maker,in deciding how to allocate resources and assessing performance. The Chief Executive Officer and Managing Director of the parent Company is the chief operating decision maker for the Company . The Company has identified bussiness segment (industry practice) as reportable segment. The business segment comprises:1) Banking, Financial services and insurance, 2) Manufacturing 3) Retail and consumer Business, 4) communication, Media and Technology and 5) other such as energy, resources and utlities.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly indentifiable to each reporting segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or alloctable to segment have been disclosed as unallocable expenses.

Asstes and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liablities are disclosed as unallocable. Property, Plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

Summarised segment information for the years ended March 31, 2018 and 2017 is as follows:

Year ended March 31,2018 (Amount in : EUR)

	Business segments					
Particulars	**Banking Financial Services and Insurance**	**Manufacturing**	**Retail and Consumer Business**	**Communication, Media and Technology**	**Others**	**Total**
Revenue	**3,540,006**	**-**	**189,381**	**-**	**(37,452)**	**3,691,935**
Segment result	**(183,396)**	**(32,423)**	**6,504**	**(11,690)**	**(255,710)**	**(476,715)**
Total Unallocable expenses						**1,250**
Operating income						**(477,965)**
Other income (net)						**83**
Profit before taxes						**(477,882)**
Tax expense						**(121,965)**
Loss for the year						**(355,917)**

Notes forming part of the Financial Statements

As at March 31,2018 (Amount in : EUR)

Particulars	Banking Financial Services and Insurance	Manufacturing	Retail and Consumer Business	Communication, Media and Technology	Others	Total
	Business segments					
Segment result	1,130,648	-	19,177	-	-	1,149,825
Unallocable assets	-	-	-	-	-	1,031,006
Total assets						2,180,831
Segment liabilities	11,250	-	-	-	-	11,250
Unallocable liabilities	-	-	-	-	-	2,169,581
Total liabilities						2,180,831

Year ended March 31,2017 (Amount in : EUR)

Particulars	Banking Financial Services and Insurance	Manufactrng & Process	Retail and Consumer Packaged Goods	Communication, Media and Technology	Others	Total
	Business segments					
Revenue	2,126,567	25,375	747,686	-	479,683	3,379,311
Segment result	287,671	25,340	30,220	-	(91,311)	251,920
Total Unallocable expenses						-
Operating income						251,920
Other income (net)						7,433
Profit before taxes						259,353
Tax expense						64,838
Profit for the year						194,515

As at March 31,2017

(Amount in : EUR)

Particulars	Banking Financial Services and Insurance	Manufacturing	Retail and Consumer Business	Communication, Media and Technology	Others	Total
	Business segments					
Segment assets	637,566	-	92,938	-	216,573	947,075
Unallocable assets	-	-	-	-	-	2,722,378
Total assets						3,669,453
Segment liabilities	-	-	-	-	-	2,424
Unallocable liabilities	-	-	-	-	-	3,667,029
Total liabilities						3,669,453

Notes forming part of the Financial Statements

Geographical revenue is allocated based on the location of the customers.

Geographical non-current assets (property, plant and equipment,advance income tax and other non-current assets) are allocated based on the location of the assets.

(Amount in : EUR)

Geography	Revenues for the year ended March 31, 2018	Segment assets as at March 31, 2018
Americas	-	-
UK	-	-
Europe	3,691,935	129,907
Total	**3,691,935**	**129,907**

(Amount in : EUR)

Geography	Revenues for the year ended March 31, 2017	Segment assets as at March 31, 2017
Americas	65,952	-
UK	753	-
Europe	3,312,606	-
Total	3,379,311	-

Notes forming part of the Financial Statements

21. RELATED PARTY REPORTING FOR FY 2017-18

Tata Consultancy Services Osterreich GmbH's principal related parties consist of its holding company TCS Netherlands, Tata consultancy services limited and Tata sons limited. Company routinely enters into transactions with its related parties in the ordinary course of business.

(Amount in : EUR)

		Transaction			Debtors, Loans & Advances		Creditors & Advances from Customer
Sr. No.	Name of Related Party	Revenue from operations	Purchases of goods and services (including reimbursement)	Brand equity contribution	Trade receivables and unbilled revenue (net)	Other receivables	Trade payables, unearned and deferred revenue, Other financial liabilities and Other liabilities
I	**Ultimate Holding Company**						
1	Tata Sons Limited	-		-		-	
II	**Holding Company & Subsidiaries of ultimate Holding company**						
1	Tata Consultancy Services Limited	-	574,923	-		-	604,575
2	Tata Consultancy Services Netherlands BV	-	5,172	-		-	2,645
3	Tata America International Corporation	-	586	-		-	583
4	Tata Consultancy Services Deutschland GmbH	-	371,304	-		-	28,337
5	Tata Consultancy Services Sverige AB	-	1,343	-		-	1,300
III	**Subsidiaries of Holding Company (Fellow Subsidiaries)**						
1	Tata Consultancy Services De Espana S.A.	-	6,969	-		-	2,810
2	Tata Consultancy Services Switzerland Ltd	-	1,830	-		-	
3	TCS Italia SRL	-	1,041,381	-	1,200	-	75,630
	Total	-	2,003,508	-	1,200	-	715,880

Notes forming part of the Financial Statements

Related Party Reporting For FY 2016-17

(Amount in : EUR)

Sr. No.		Name of Related Party	Transaction			Debtors, Loans & Advances		Creditors & Advances from Customer
			Revenue from operations	Purchases of goods and services (including reimbursement)	Brand equity contribution	Trade receivables and unbilled revenue (net)	Other receivables	Trade payables, unearned and deferred revenue, Other financial liabilities and Other liabilities
I		**Ultimate Holding Company**						
	1	Tata Sons Limited	-	-	8,701	-	-	8,900
II		**Holding Company & Subsidiaries of ultimate Holding company**						
	1	Tata Consultancy Services Limited	753	1,701,490	-	1,057	2,303	1,762,144
	2	Tata Consultancy Services Netherlands BV	-	-	-	-	-	-
	3	Tata America International Corporation	-	553	-	-	-	4,366
	4	Tata Consultancy Services Deutschland GmbH	-	307,392	-	-	-	305,123
	5	Tata Consultancy Services Sverige AB	-	-	-	-	-	-
III		**Subsidiaries of Holding Company (Fellow Subsidiaries)**						
	1	Tata Consultancy Services De Espana S.A.	-	-	-	-	-	-
	2	Tata Consultancy Services Switzerland Ltd	-	-	-	-	-	-
	3	TCS Italia SRL	-	278,413	-	-	-	404,032
		Total	753	2,287,848	8,701	1,057	2,303	2,484,565

Note forming part of the financial statment 1-21

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145
Mumbai, May, 14, 2018

For and on behalf of the Board of Directors
of Tata Consultancy Services Osterreich GmbH

Pradeep Manohar Gaitonde
Director
Paris, France, May 11, 2018

Sapthagiri Chapalapalli
Director
Frankfurt, Germany, May 11, 2018

Tata Consultancy Services Danmark ApS

Hammerensgade 1, 2
1267 Copenhagen
Central Business Registration No: 34465479

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended
31 March 2018

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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COMPANY DETAILS

Entity

Tata Consunltancy Services Danmark ApS
Hammerensgade 1, 2.
1267 Copenhagen

Central Business Registration No: 34465479
Registered in: Copenhagen
Financial year: 01.04.2017 - 31.03.2018

Board of Directors

Pauroosasp Darabshaw Karkaria, Chairman
Pradeep Gaitonde
Amit Bajaj
Ajoyendra Mukherjee

Executive Board

Kathriravan Palaniappan, Executive Director

Auditors

KPMG P/S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Tata Consultancy Services Danmark ApS for the financial year 01.04.2017 – 31.03.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements given a true and fair view of the Entity's financial position at 31.03.2018 and of the results of its operations for the financial year 01.04.2017 – 31.03.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen,

Executive Board
Kathriravan Palaniappan
Executive Director

Board of Directors

Pauroosasp Darabshaw Karkaria Chairman	Pradeep Gaitonde	Amit Bajaj

Ajoyendra Mukherjee

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
TATA CONSULTANCY SERVICES DANMARK APS

Opinion

We have audited the financial statements of Tata Consultancy Services Danmark ApS for the financial year 1 April 2017 – 31 March 2018, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 – 31 March 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. 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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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 in preparing the 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 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 contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view

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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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 Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, # # 2018
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Michael Sten Larsen
State Authorised
Public Accountant
mne10488

Management review

Primary activities

The Company's primary purpose is to operate within software development, software implementation, application maintenance, consulting services and IT-based services.

The operating profit is based upon a support service agreement with Tata Consultancy Services India Limited.

Development in activities and finances

Profit for the year amounts to DKK 264 thousand which Management consider satisfactory.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Balance Sheet at 31.03.2018

(DKK'000)

	Notes	2017/18	2016/17
Receivables from Group Enterprises		**1,413**	1,624
Other Receivables		**1**	1
Prepayments		**10**	6
Receivables		**1,424**	1,631
Cash		**4,368**	4,454
Current assets		**5,792**	6,085
ASSETS		**5,792**	6,085
Contributed capital	4	**1,000**	1,000
Share Premium		**0**	0
Retained Earnings		**2,315**	2,051
Equity		**3,315**	3,051
Trade Payables		**522**	597
Income Tax Payable		**75**	76
Other Payables	5	**1,880**	2,361
Current Liabilities Other than Provisions		**2,477**	3,034
Liabilities Other than Provisions		**2,477**	3,034
EQUITY AND LIABILITIES		**5,792**	6,085
Contingent liabilities	6		
Related Parties	7		

Income statement for 2017 / 18

(DKK'000)

	Notes	2017/18	2016/17
Gross Profit		**11,146**	9,765
Staff Costs	1	**(10,774)**	(9,369)
Operating Profit / Loss		**372**	396
Other Financial Expenses	2	**(33)**	(90)
Profit / Loss before tax		**339**	306
Tax on Profit / Loss for the Year	3	**(75)**	(76)
Profit / Loss for the Year		**264**	230
Proposed Distribution of Profit / Loss			
Retained earnings		**264**	230
		264	230

Statement of Changes in Equity for 2017/18

(DKK'000)

	Contributed Capital	Share Premium	Retained Earnings	Proposed Extraordinary Dividend	Total
Equity Beginning Of Year	1,000	0	2,051	0	3,051
Extra Ordinary Dividend Paid	0	0	0	0	0
Other Equity Postings	0	0	0	0	0
Transfer to Reserves	0	0	0	0	0
Profit / Loss for the Year	0	0	264	0	264
Equity End Of Year	1,000	0	2,315	0	3,315

Notes forming part of the Financial Statement

1. STAFF COSTS

(DKK'000)

	2017/18	2016/17
Wages and Salaries	**9,645**	8,330
Pension Costs	**1,117**	1,004
Other Social Security Costs	**(2)**	3
Other Staff Costs	**15**	32
	10,774	9,369
Average Number Of Employees	**13**	16

2. OTHER FINANCIAL EXPENSES

(DKK'000)

	2017/18	2016/17
Interest Expenses	**33**	90
	33	90

3. TAX ON PROFIT / LOSS FOR THE YEAR

(DKK'000)

	2017/18	2016/17
	75	76
Tax on Current Year Taxable Income	**75**	76

4. CONTRIBUTED CAPITAL

There have been no changes to Contributed Capital for the Past 5 years.

5. OTHER PAYABLES

(DKK'000)

	2017/18	2016/17
VAT and Duties	**610**	626
Wages and Salaries, personal income taxes, social security costs, etc. payable	**1,270**	1,735
	1,880	2,361

6. CONTINGENT LIABILITIES

The Company participates in a Danish joint taxation arrangement, in which Tata Consultancy Services Limited, Branch of Tata Consultancy Services Ltd., India serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes, etc for the jointly taxed companies and from 1st July 2012 also for obligations, if any relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

7. RELATED PARTIES

Control

Tata Consultancy Services Danmark ApS is part of the consolidated financial statements of Tata Consultancy Services Limited, 9th Floor Nirmal Building, Nariman Point, Mumbai-400021, in which the Company is included as a subsidiary.

Notes forming part of the Financial Statement

Accounting Policies

Reporting Class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is affected as described below for each financial statement item.

Anticipated risks and losses that arises before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign Currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial express. Inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income Statement

Gross Profit or Loss

Gross Profit or loss comprises revenue, other operating income and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs

Staff Costs comprises salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortization of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme, etc.

Tax on profit / loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Notes forming part of the Financial Statement

The Entity is jointly taxed with all Danish entities in the Tata Consultancy Services Ltd, Group. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance Sheet

Receivables

Receivables are measured at amortised cost, usually equaling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Tata Consultancy Services France SA
(Formerly known as Alti SA)

ANNUAL REPORT AND
FINANCIAL STATEMENTS

For the year ended
31 March 2018

CONTENT	PAGE

Independent Auditor's Report

TO THE MEMBERS OF
TATA CONSULTANCY SERVICES FRANCE SA (FORMERLY KNOWN AS ALTI SA)

Report on the Special purpose Ind AS Financial Statements

We have audited the accompanying Special purpose Ind AS financial statements of Tata Consultancy Services France SA (Formerly known as Alti SA) ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Special purpose Ind AS financial statements"). The Special purpose Ind AS financial statement has been prepared by the management as described in Note 2(a) on the basis of the preparation of the Special purpose Ind AS financial statements.

Management's Responsibility for the Special purpose Ind AS Financial Statements

Management is responsible for the preparation of these Special purpose Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ('the Act') as described in Note 2(a) to the Special purpose Ind AS financial statements.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Special purpose Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder, to the extent applicable

We conducted our audit of the Special purpose Ind AS financial statements in accordance with the Standards on Auditing specified under subsection 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Special purpose Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Special purpose Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Special purpose Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Special purpose Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's management, as well as evaluating the overall presentation of the Special purpose Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special purpose Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special purpose Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view of the state of affairs of the Company as at 31 March 2018 and its loss (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date in accordance with the basis of accounting described in Note 2(a) to the Special purpose Ind AS financial statements.

Basis of Accounting and Restriction on use

We draw attention to Note 2(a) to the Special purpose Ind AS financial statements, which describes the basis of accounting. The Special purpose Ind AS financial statements are prepared to assist the ultimate holding Company, Tata Consultancy Services Limited to complywith the requirements of Section 129(3) of the Act. As a result the Special purpose Ind AS financial statements may not be suitable for any other purpose.

Our opinion on the Ind AS financial statements is not modified in respect of the above matter.

Other Matter

Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 31 May 2017 on the Ind AS financial statements of the Company for the year ended 31 March 2017.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
-----May 2018

Balance Sheet as at March 31, 2018

(EUR)

	Note	As at March 31, 2018	As at March 31, 2017
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	**1,487,870**	847,828
(b) Capital work-in-progress		**43,486**	100,695
(c) Goodwill	4	**19,658,050**	19,658,050
(d) Intangible assets	4	**-**	-
(e) Financial assets			
(i) Other financial assets	5	**463,522**	542,474
(ii) Unbilled revenues		**861,538**	910,286
Total non-current assets		**22,514,466**	22,059,333
Current assets			
(a) Financial assets			
(i) Trade receivables	6	**61,217,433**	45,928,242
(ii) Unbilled revenue		**8,776,426**	8,871,676
(iii) Cash and cash equivalents	7	**2,863,500**	7,864,186
(iv) Loans	8	**334,640**	294,121
(v) Other financial assets	9	**419,869**	8,364,586
(b) Other assets	10	**6,510,900**	4,211,981
Total current assets		**80,122,768**	75,534,792
TOTAL ASSETS		**102,637,234**	97,594,125
II. EQUITY AND LIABILITIES			
Equity			
(a) Share capital	11	**446,031**	446,031
(b) Other equity	12	**(47,531,110)**	(37,631,606)
Total Equity		**(47,085,079)**	(37,185,575)
Liabilities			
Non-current liabilities			
(a) Employee benefit obligation	13A	**4,871,379**	4,368,208
(b) Other liabilities	14	**779,485**	775,205
Total non current liabilities		**5,650,864**	5,143,413
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	**28,000,000**	-
(ii) Trade payables	16	**76,360,268**	54,840,834
(iii) Other financial liabilities	17	**8,556,444**	45,392,216
(b) Unearned and deferred revenue		**10,447,872**	4,958,857
(c) Income tax liabilities(net)		**639,090**	846,976
(d) Employee benefit obligation	13B	**8,946,570**	11,654,571
(e) Provisions	18	**1,317,057**	2,372,969
(f) Other liabilities	19	**9,804,148**	9,569,864
Total current liabilities		**144,071,449**	129,636,287
TOTAL EQUITY AND LIABILITIES		**102,637,234**	97,594,125

III. NOTES FORMING PART OF FINANCIAL STATEMENTS 1-31

As per our report of even date attached

For and on behalf of the Board of Directors of Tata Consultancy Services France SA

For B S R & Co. LLP
Chartered Accountants
Firm's registration no:101248W/W-100022

Rammohan Gourneni
Director

Pradeep Gaitonde
Director

Rajesh Mehra
Partner
Membership number : 103145
Place & Date:

Statement of Profit and Loss for the years ended March 31, 2018

(EUR)

	Note	For the Year ended March 31, 2018	For the Year ended March 31, 2017
I. Revenue from operations		**187,158,713**	170,566,126
II. Other income (net)	20	**305,435**	24,375
III. TOTAL INCOME		**187,464,148**	170,590,501
IV. Expenses			
(a) Employee benefit expenses	21	**113,277,426**	108,365,545
(b) Other operating expenses	22	**81,340,281**	72,933,675
(c) Finance costs	23	**154,884**	1,113,733
(d) Depreciation and amortisation expense	3	**558,540**	435,073
TOTAL EXPENSES		**195,331,131**	182,848,026
V. LOSS BEFORE TAX (III-IV)		**(7,866,983)**	(12,257,525)
VI. Tax expense:			
(a) Current tax		**2,081,458**	1,985,247
(b) Deferred tax		**-**	-
VII. LOSS FOR THE YEAR		**(9,948,441)**	(14,242,772)
VIII. OTHER COMPREHENSIVE INCOME			
(A) (i) Items that will not be reclassified subsequently to the statement of profit and loss:			
(a) Remeasurement of defined employee benefit plans		**48,937**	441,486
TOTAL OTHER COMPREHENSIVE INCOME		**48,937**	441,486
IX. TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(9,899,504)**	(13,801,286)
X. Earnings per equity share - Basic & Diluted	27	**(0.67)**	(5.86)
Weighted average number of equity shares (face value of EUR 0.03 each)		**14,867,651**	2,356,940

As per our report of even date attached

For and on behalf of the Board of Directors of Tata Consultancy Services France SA

For B S R & Co. LLP
Chartered Accountants
Firm's registration no:101248W/W-100022

Rammohan Gourneni
Director

Pradeep Gaitonde
Director

Rajesh Mehra
Partner
Membership number : 103145
Place & Date:

Statement of Cash Flows for the years ended March 31, 2018

(EUR)

	Year ended March 31, 2018	Year ended March 31, 2017
I. CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss for the year	**(9,948,441)**	(14,242,772)
Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation and amortisation expense	**558,540**	435,073
Interest Income	**(5,669)**	(1,114)
Finance Cost	**123,534**	1,106,037
Tax expense	**2,081,458**	1,985,247
Provision for Bad and Doubtful debts	**-**	51,422
Operating profit before working capital changes	**(7,190,578)**	(10,666,107)
Net change in		
Trade receivables	**(15,289,191)**	(3,076,232)
Unbilled revenues	**143,999**	(2,164,196)
Other financial assets	**7,983,150**	(2,946)
Other assets	**(2,298,919)**	(541,896)
Trade payables	**21,519,433**	7,616,259
Other financial liabilities	**(36,911,357)**	(1,292,543)
Unearned and deferred revenues	**5,489,015**	531,565
Other liabilities and provisions	**(2,973,245)**	(855,762)
Cash generated from operations	**(29,527,693)**	(10,451,858)
Taxes paid (net of refunds)	**(2,289,344)**	(436,849)
Net cash provided by operating activities	**(31,817,037)**	(10,888,707)
II. CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for purchase of property,plant and equipment	**(1,141,368)**	(257,733)
Interest received	**5,669**	1,114
Net cash used in investing activities	**(1,135,699)**	(256,619)
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Share application money received from TCS Switzerland		7,100,000
Short-term borrowings	**28,000,000**	11,000,000
Repayment of Long-term borrowings	**-**	(1,000,000)
Interest paid	**(47,950)**	(1,985,716)
Net cash used in financing activities	**27,952,050**	15,114,284
Net change in cash and cash equivalents	**(5,000,686)**	3,968,958
Cash and cash equivalents at the beginning of the year	**7,864,186**	3,895,228
Cash and cash equivalents at the end of the year (Refer note 7)	**2,863,500**	7,864,186

As per our report of even date attached

For and on behalf of the Board of Directors of Tata Consultancy Services France SA

For B S R & Co. LLP
Chartered Accountants
Firm's registration no:101248W/W-100022

Rammohan Gourneni
Director

Pradeep Gaitonde
Director

Rajesh Mehra
Partner
Membership number : 103145
Place & Date:

Statements of changes in Equity for the years ended March 31, 2018

A. EQUITY SHARE CAPITAL

(EUR)

Balance as at April 1,2016	Changes in equity share capital during the year *	Balance as at March 31,2017
366,082	79,949	446,031

Balance as at April 1,2017	**Changes in equity share capital during the year**	**Balance as at March 31,2018**
446,031	**-**	**446,031**

* Refer Note 11

B. OTHER EQUITY

(EUR)

	Reserves and Surplus				Equity attributable to shareholder of the company	Total Equity
	Capital reserve	Securities premium	Retained earnings	Legal Reserve		
Balance as at April 1,2016	-	9,158,039	(29,492,657)	36,608	(20,298,010)	(20,298,010)
Loss for the year	-	-	(14,242,772)	-	(14,242,772)	(14,242,772)
Other comprehensive Income	-	-	441,486	-	441,486	441,486
Total comprehensive Income	-	-	(13,801,286)	-	(13,801,286)	(13,801,286)
Capital reserve on merger	(38,245,000)	-	(4,556,026)	-	(42,801,026)	(42,801,026)
Acquisitions through business combinations			(5,590,258)	100,000	(5,490,258)	(5,490,258)
Share application money received	-	-	7,100,000	-	7,100,000	7,100,000
Issue of shares	-	(6,497,949)	44,118,465	38,458	37,658,974	37,658,974
Balance as at March 31,2017	(38,245,000)	2,660,090	(2,221,762)	175,066	(37,631,606)	(37,631,606)
Balance as at April 1,2017	**(38,245,000)**	**2,660,090**	**(2,221,762)**	**175,066**	**(37,631,606)**	**(37,631,606)**
Loss for the year	**-**	**-**	**(9,948,441)**	**-**	**(9,948,441)**	**(9,948,441)**
Other comprehensive Income	**-**	**-**	**48,937**	**-**	**48,937**	**48,937**
Total comprehensive Income	**-**	**-**	**(9,899,504)**	**-**	**(9,899,504)**	**(9,899,504)**
Balance as at March 31,2018	**(38,245,000)**	**2,660,090**	**(12,121,266)**	**175,066**	**(47,531,110)**	**(47,531,110)**

As per our report of even date attached

For and on behalf of the Board of Directors of Tata Consultancy Services France SA

For B S R & Co. LLP
Chartered Accountants
Firm's registration no:101248W/W-100022

Rammohan Gourneni
Director

Pradeep Gaitonde
Director

Rajesh Mehra
Partner
Membership number : 103145
Place & Date:

Notes forming part of the Financial Statements

1) BUSINESS OVERVIEW

Tata Consultancy Services France SA (Formerly known as Alti SA) ("the Company") is a SSII company launched in 1995 that offers specialized consulting services and expert advice in advanced technologies. The Company offers a wide range of services related to IT systems set up, ranging from consulting to expert advice in advance technologies. Upon merger of Alti France entities and purchase of TCS France SAS, the name of the company previously known as Alti SA was changed to Tata Consultancy Services France SA.

2) SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These 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 ("the Act") read with the Companies (Indian Accounting Standards) Rules as amended from time to time. This special purpose financial statements have been prepared after giving effect to the merger scheme (Refer note 2(c)) and to assist the Holding Company (Tata consultancy services limited) under the requirements of section 129(3) of the Companies Act, 2013.

b) Basis of Preparation

This special purpose Ind AS financial statement have been prepared in accordance with Ind AS as notified under the Companies (Indian accounting standard) rules, 2015 read with section 133 of the Act.

Funtional currency of Tata Consultancy Services France SA is EUR and as per management decision Ind AS financial for the current year are persented in EUR.

c) Business acquisition and mergers

On 28 December 2017, Board of Directors of the Company has approved the acquisition of Tata consultancy Services France S.A.S. from Tata consultancy Services Switzerland Ltd at the consideration of Euro 38.55 million.

On 28 December 2017, Board of Directors of the Company also has approved the merger of it's wholly owned subsidiaries Tescom (France) Software Systems Testing, Alti Hr, Alti Infrastructure Systemes & Reseaux and Tata consultancy Services France S.A.S (collectively herein after referred as "absorbed companies")with the Company subject to shareholder's approval. Merger scheme has been approved by the member of the Company on 30 March 2018 (effective as of 31 March 2018 with a retroactive date of 01 April 2017). As on the date of merger all the group Companies were engaged in Provision of testing services for software and software packages.

On 28 December 2017, Board of Directors of the Company also has approved the merger of it's wholly owned subsidiaries Tescom (France) Software Systems Testing , Alti Hr, Alti Infrastructure Systemes & Reseaux and Tata consultancy Services France S.A.S (collectively herein after referred as "absorbed companies")with the Company subject to shareholder's approval. Merger scheme has been approved by the member of Company on 30 March 2018 (effective as of 31 March 2018 with a retroactive date of 01 April 2017). As on the date of merger all the group Companies were engaged in Provision of testing services for software and software packages.

On 28 December 2017, Board of Directors also approved the dissolution of it's wholly owned subsidiary 'Planaxis', a company incorporated in Canada, Quebec. effective 31 March 2018. As a result of this all the assets and liabilities of Planaxis became part of Alti SA.

On 28 December 2017, Board of Directors also approved the sale of it's wholly owned subsidiaries Alti NV and Alti Switzerland SA to Tata consultancy services Belgium NV and Tata consultancy Services Switzerland at the consideration of Euro 5.027 million and Euro 2.65 million respectively.

The business combinations falls under the definition of common control, in accordance with provisions of the Ind AS 103 and therefore the amalgamation is accounted under the "Pooling of interest method" as per the Appendix 'C 'of IND AS -103 "Business Combinations "for common control, whereby :

- The difference between the amount recorded as investment in subsidiaries and the amount of share capital of the absorbed and dissolved companies is transferred to capital reserve amounting Euro 42,801,026.
- The assets and liabilities of the absorbed and dissolved entities are reflected in books of the Company at their carrying amounts.
- Accounting of business combination has been recorded as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

d) Use of estimates and judgements

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses for the years presented.

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.

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, is in respect of impairment of investments, goodwill, useful lives of property, plant and equipment, provisions and contingent liabilities.Key source of estimation of uncertainty in respect of revenue recognition, employee benefits and financial instruments have been discussed in their respective policies.

Impairment of Goodwill

The Company 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.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and contingent liabilities

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 a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments (Note 24).

e) Revenue recognition

The Company earns revenue primarily from providing information technology, business solutions and consultancy services through development and maintenance of IT applications and infrastructure, implementation of enterprise solutions, business process services, assurance services, engineering and industrial services using its own products, framework of solutions and third party products.

The Company recognises revenue as follows:

Contracts are unbundled into separately identifiable components and the consideration is allocated to those identifiable components on the basis of their fair values. Revenue is recognised for respective components either at the point in time or over time, as applicable.

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Revenue from software development contracts, which are generally time bound fixed price contracts, is recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognised when probable.Revenue in excess of billings is recognised as

Notes forming part of the Financial Statements

unbilled revenue in the balance sheet; to the extent billings are in excess of revenue recognised, the excess is reported as unearned and deferred revenue in the balance sheet.

Revenue from Business Process Services contracts priced on the basis of time and material or unit of delivery is recognised as services are rendered or the related obligation is performed.

Revenue from the sale of internally developed and manufactured systems and third party products which do not require significant modification is recognised upon delivery, which is when the absolute right to use passes to the customer and Company does not have any material remaining service obligations.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

Revenues are reported net of discounts and indirect taxes.

f) Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

g) Leases

Finance Lease

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Operating Lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Operating lease payments are recognised on a straight line basis over the lease term in the statement of profit and loss, unless the lease agreement explicitly states that increase is on account of inflation.

h) Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their nature.

The costs of the Company are broadly categorised in employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other expenses mainly include fees to external consultants, cost running its facilities, travel expenses, cost of equipment and software licenses for reselling, communication costs allowances for delinquent receivables and other expenses.

i) Foreign currency

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 Balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

j) Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and 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.

Current income taxes

The current income tax expense for the entity has been computed based on the tax laws applicable in the jurisdiction in which it operates. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction and where the Company intends to settle the asset and liability on a net basis.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

Income tax reconciliation is not prepared due to loss in current financial year.

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.

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.

k) 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.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

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

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 on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the

Notes forming part of the Financial Statements

acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

l) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any.

Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below -

Type of asset	Method	Useful lives
Computer Equipments	SLM	3-5 yrs
Electrical Installations	SLM	10 yrs
Office Equipments	SLM	5 yrs
Furniture and Fixtures	SLM	3-5 yrs

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset are ready for its intended use.

m) 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 as at the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Nature of Intangible	Useful lives
Software licences	Lower of licence period and 2-5 years

n) Impairment

i. Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance.In determining the allowances for doubtful trade receivables, 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 is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii. Non-financial assets

a) Tangible and intangible 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.

b) 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.

o) Employee benefits

(i) 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. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

(ii) Compensated absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date. 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 recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

p) Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

q) Business Combination :

Business combinations arising from transfer of interests in entities that are under the control of the shareholders that controls the company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognized at their carrying amounts. The Identity of the reserves is preserved and they appear in the financial statements of the company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any , between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

r) Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115	Revenue from Contracts with Customers
Ind AS 21	The effect of changes in Foreign Exchange rates

Notes forming part of the Financial Statements

Ind AS 115 – Revenue from Contracts with Customers :

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction contracts when it becomes effective.

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

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying IND AS 115 is recognised as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

Ind AS 21 – The effect of changes in Foreign Exchange rates :

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. TCS Limited is evaluating the impact of this amendment on its financial statements.

Notes forming part of the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

(EUR)

Description	Computer equipment	Furniture and Fixtures	Office equipment	Electrical installations	Total
Cost as at April 1,2017	**2,071,767**	**583,182**	**910,132**	**253,776**	**3,818,857**
Additions	**336,070**	**807,013**	**55,494**	**-**	**1,198,577**
Disposals	**(917,857)**	**-**	**-**	**-**	**(917,857)**
Cost as at Mar 31,2018	**1,489,980**	**1,390,195**	**965,626**	**253,776**	**4,099,577**
Accumulated depreciation as at April 1,2017	**(1,755,387)**	**(539,563)**	**(507,425)**	**(168,644)**	**(2,971,019)**
Eliminated on disposals of assets	**917,857**	**-**	**-**	**-**	**917,857**
Depreciation expense	**(250,911)**	**(110,995)**	**(171,026)**	**(25,608)**	**(558,540)**
Accumulated depreciation as at Mar 31,2018	**(1,088,441)**	**(650,558)**	**(678,451)**	**(194,252)**	**(2,611,702)**
Net carrying amount as at Mar 31,2018	**401,539**	**739,637**	**287,175**	**59,524**	**1,487,875**
Cost as at April 1,2016	398,724	518,418	0	0	917,142
Additions	110,157	64,764	-	-	174,911
Acquisitions through business combinations	1,562,886		910,132	253,776	2,726,794
Cost as at March 31,2017	2,071,767	583,182	910,132	253,776	3,818,847
Accumulated depreciation as at April 1,2016	(288,524)	(517,658)	(0)	(0)	(806,183)
Depreciation expense	(218,424)	(21,905)	(167,524)	(27,221)	(435,073)
Acquisitions through business combinations	(1,248,439)	-	(339,901)	(141,423)	(1,729,763)
Accumulated depreciation as at March 31,2017	(1,755,387)	(539,563)	(507,425)	(168,644)	(2,971,019)
Net carrying amount as at March 31,2017	316,380	43,619	402,707	85,132	847,828

4. GOODWILL AND INTANGIBLE

(EUR)

Description	Goodwill	Software licenses	Total
Cost as at April 1,2017	**19,658,050**	**692,431**	**20,350,481**
Additions	**-**	**-**	**-**
Disposals	**-**	**(16,449)**	**(16,449)**
Cost as at Mar 31,2018	**19,658,050**	**675,982**	**20,334,032**
Accumulated amortisation as at April 1,2017	**-**	**(692,431)**	**(692,431)**
Amortisation expense	**-**	**-**	**-**
Disposals		**16,449**	**16,449**
Accumulated amortisation as at Mar 31,2018	**-**	**(675,982)**	**(675,982)**
Net carrying amount as at Mar 31,2018	**19,658,050**	**-**	**19,658,050**
Cost as at April 1,2016	19,658,050	692,431	20,350,481
Additions	-	-	-
Acquisitions through business combinations	-	-	
Cost as at March 31,2017	19,658,050	692,431	20,350,481
Accumulated amortisation as at April 1,2016	-	(692,431)	(692,431)
Amortisation expense	-	-	
Acquisitions through business combinations	-	-	
Accumulated amortisation as at March 31,2017	-	(692,431)	(692,431)
Net carrying amount as at March 31,2017	19,658,050	-	19,658,050

Notes forming part of the Financial Statements

5. OTHER FINANCIAL ASSETS

(A) Non-current financial assets

(EUR)

	As at March 31, 2018	As at March 31, 2017
(a) Security deposits	**453,322**	536,474
(b) Other Deposits	**10,200**	6,000
	463,522	542,474

6. TRADE RECEIVABLES (Unsecured)

Trade receivables(unsecured) consist of the following:

(EUR)

	As at March 31, 2018	As at March 31, 2017
(a) Considered good	**61,217,433**	45,928,242
(b) Considered doubtful	**238,380**	527,209
Less: Provision for doubtful receivables	**(238,380)**	(527,209)
	61,217,433	45,928,242

(Above balances of Trade receivables include balances with related partied refer note # 29)

7. CASH AND CASH EQUIVALENTS BALANCES

Cash and bank balances consist of the following:

(EUR)

	As at March 31, 2018	As at March 31, 2017
(a) Balances with banks		
In current accounts	**2,863,500**	7,864,186
	2,863,500	7,864,186

8. LOANS

Loans (Unsecured)

(EUR)

	As at March 31, 2018	As at March 31, 2017
(a) Considered good		
Loans and advances to employees	**334,640**	294,121
	334,640	294,121

9. OTHER CURRENT FINANCIAL ASSETS

(EUR)

	As at March 31, 2018	As at March 31, 2017
(a) Security Deposits	**343,112**	338,380
(b) Other Current financial Asset	**76,757**	8,026,206
	419,869	8,364,586
Financial assets pertaining to related parties, considered good comprise		
Alti NV	**-**	5,027,000
Alti Switzerland	**-**	2,646,468

10. OTHER CURRENT ASSETS

(EUR)

	As at March 31, 2018	As at March 31, 2017
Considered good		
(a) Prepaid expenses	**1,657,962**	639,986
(b) Advance to suppliers	**194,311**	118,207
(c) Recoverable expenses - CICE credit	**4,658,627**	3,492,981
Less : Provision for doubtful loans and advances	**0**	(39,193)
	6,510,900	4,211,981

Notes forming part of the Financial Statements

11. SHARE CAPITAL

(EUR)

	As at March 31, 2018	As at March 31, 2017
(a) Authorised :		
Equity share capital	**446,031**	366,082
14,867,651 equity shares of EUR 0.03 each		
(Previous Year: 22,88,010 equity shares of EUR 0.16 each)		
Issue of new shares to parent company		
(148,67,651 equity shares of EUR 0.03 each)		79,949
	446,031	446,031
(b) Issued, Subscribed and Paid up:		
Equity share capital	**446,031**	366,082
14,867,651 equity shares of EUR 0.03 each		
(Previous Year: 22,88,010 equity shares of EUR 0.16 each)		
Increase of Par value to EUR 3.00 each	**-**	6,497,949
Issue of new shares to Netherlands	**-**	37,738,923
Set off accumulated losses	**-**	(44,156,923)
	446,031	446,031

(c) Reconciliation of number of shares and the amount outstanding at the beginning and at the end of the reporting period

	As at March 31, 2018	As at March 31, 2017
	Number of shares	Number of shares
Equity shares		
Opening balance	**14,867,651**	2,288,010
Issued during the year	**-**	12,579,641
Closing balance	**14,867,651**	14,867,651
Weighted Average	**14,867,651**	2,356,940

(d) Rights, preferences and restrictions attached to shares
Equity shares

The Company has one class of equity shares having a par value of EUR 1 each. Each shareholder is eligible for one vote per share held and carry a right to dividend. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(e) Shares held by Holding company, its Subsidiaries and Associates

	As at March 31, 2018	As at March 31, 2017
Equity Shares		
Holding company		
14,867,651 equity shares are held by TCS Netherlands B.V.	**14,867,651**	14,867,651
Total	**14,867,651**	14,867,651

Notes forming part of the Financial Statements

12. OTHER EQUITY

(EUR)

	As at March 31, 2018	As at March 31, 2017
(a) Retained earnings		
(i) Opening balance	**(2,221,762)**	(29,492,657)
(ii) Loss for the year	**(9,948,441)**	(14,242,772)
(iii Acquisitions through business combinations		(5,590,258)
(iv) Capital reserve on merger		(4,556,026)
(iv) Remeasurement of defined employee benefit plans	**48,937**	441,486
(v) Share application money received from TCS Switerland	**-**	7,100,000
(v) Issue of shares	**-**	44,118,465
	(12,121,266)	(2,221,762)
(b) Capital reserve		
(i) Capital reserve on merger	**(38,245,000)**	(38,245,000)
	(38,245,000)	(38,245,000)
(c) Securities Premium		
(i) Opening balance	**2,660,090**	9,158,039
(ii) Issue of shares	**-**	(6,497,949)
	2,660,090	2,660,090
(d Legal Reserve		
(i) Opening balance	**175,066**	136,608
(ii) Issue of shares	**-**	38,458
	175,066	175,066
Total	**(47,531,110)**	(37,631,606)

Nature of reserves

(a) Capital reserve The Company recognises profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve.

(b) Securities premium Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

(c) General reserve The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to statement of profit and loss.

Notes forming part of the Financial Statements

13(A) EMPLOYEE BENEFITS

a) Non current employee benefit obligation

(EUR)

	As at March 31, 2018	As at March 31, 2017
Defined benefit plans	**4,871,379**	4,368,208
	4,871,379	4,368,208

13(B) b) Current employee benefit obligation

(EUR)

	As at March 31, 2018	As at March 31, 2017
Compensated absences	**8,946,570**	11,654,571
	8,946,570	11,654,571

14. OTHER NON CURRENT FINANCIAL LIABILITIES

(EUR)

	As at March 31, 2018	As at March 31, 2017
(a) Rental Provision	**779,485**	458,028
(b) Other non-current liabilities	**-**	317,177
	779,485	775,205

15. BORROWINGS

(EUR)

	As at March 31, 2018	As at March 31, 2017
Unsecured loans		
Unsecured - at amortised cost - Loans from Related Party (TCS Netherlands)	**28,000,000**	-
	28,000,000	-

16. TRADE PAYABLES

Trade payables consist of the following:

(EUR)

	As at March 31, 2018	As at March 31, 2017
Accrued Expenses	**1,489,625**	4,195,248
Trade and other payables	**74,870,643**	50,645,586
	76,360,268	54,840,834

Notes forming part of the Financial Statements

17. OTHER CURRENT FINANCIAL LIABILITIES

(EUR)

	As at March 31, 2018	As at March 31, 2017
(a) Security deposits	**13,301**	52,561
(b) Interest accrued but not due	**75,868**	283
(c) Liability towards customer contracts	**1,933,817**	1,001,572
(d) Capital creditors	**42,220**	100,692
(e Accrued payroll	**6,491,238**	5,692,108
(f) Other financial liabilities	**-**	38,545,000
	8,556,444	45,392,216

18. PROVISIONS - CURRENT

(EUR)

	As at March 31, 2018	As at March 31, 2017
(a) Provision for forseeable loss on a long term contract	**29,285**	26,294
(b) Other provision	**1,287,772**	2,346,675
	1,317,057	2,372,969

19. OTHER CURRENT LIABILITIES

(EUR)

	As at March 31, 2018	As at March 31, 2017
(a) Advance received from customers	**943,052**	748,388
(b) Indirect tax payable and other statutory liabilities	**8,861,096**	9,041,916
(c) Rental Provision	**-**	(220,440)
	9,804,148	9,569,864

20. OTHER INCOME (Net)

Other Income (net) consist of the following:

(EUR)

	Year ended March,2018	Year ended March,2017
(a) Interest income, net	**5,669**	1,114
(b) Bad debts and advances written off,provision for trade receivables and advances(net)	**127,744**	-
(c) Miscellaneous income	**172,022**	23,261
	305,435	24,375
Interest income comprise :		
Interest on bank deposits	**5,669**	1,114
Miscellaneous income comprise :		
Other gains (losses), net - Others	**172,022**	23,261

Notes forming part of the Financial Statements

21. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses consist of the following:

(EUR)

	Year ended March,2018	Year ended March,2017
(a) Salaries, incentives and allowances	**82,419,420**	77,654,290
(b) Contributions to provident and other funds	**25,252,881**	25,142,499
(c) Staff welfare expenses	**5,605,125**	5,568,756
	113,277,426	108,365,545

22. OTHER OPERATING EXPENSES

(EUR)

	Year ended March,2018	Year ended March,2017
(a) Fees to external consultants	**16,720,165**	17,010,286
(b) Facility running expenses	**3,722,898**	7,215,033
(c) Cost of equipment and software licences	**521,916**	42,991
(d) Travel expenses	**2,308,378**	2,276,505
(e) Communication expenses	**582,548**	599,464
(f) Bad debts and advances written off, provision for trade receivables and advances(net)	**-**	51,422
(g) Foreign exchange loss	**219,427**	141,184
(h) Other expenses	**57,264,949**	45,596,790
	81,340,281	72,933,675
Other Expenses include		
a) Project Expenses	**52,129,564**	39,014,210
b) Education, Recruitment and Training	**1,179,546**	1,223,510
c) Marketing, Advertising & Sales Promotion	**586,339**	575,962
d) Printing and Stationery	**178,420**	131,839
e) Auditor's Remuneration	**114,966**	181,739
f) Insurance	**182,472**	256,210
g) Other expenses	**2,893,642**	4,213,320
	57,264,949	45,596,790

23. FINANCE COSTS

Finance costs consist of the following:

(EUR)

	Year ended March,2018	Year ended March,2017
Interest expenses on loans	**123,534**	1,106,037
Other Interest expenses	**31,350**	7,696
	154,884	1,113,733

Notes forming part of the Financial Statements

24. FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities

(i) The carrying valu e of financial instruments by categories as of March 31, 2018 is as follows:

(EUR)

	Fair value through profit or loss	Amortised cost	Total carrying value	Total Fair value
Financial assets:				
Cash and cash equivalents	-	2,863,500	2,863,500	2,863,500
Trade receivables	-	61,217,433	61,217,433	61,217,433
Unbilled revenue	-	9,637,964	9,637,964	9,637,964
Loans	-	334,640	334,640	334,640
Other financial assets	-	883,391	883,391	883,391
Total	-	74,936,928	74,936,928	74,936,928
Financial liabilities:				
Trade and other payables	-	76,360,268	76,360,268	76,360,268
Borrowings	-	28,000,000	28,000,000	28,000,000
Other financial liabilities	-	8,556,444	8,556,444	8,556,444
Total	-	112,916,712	112,916,712	112,916,712

(ii) The carrying value of financial instruments by categories as of March 31, 2017 is as follows:

(EUR)

	Fair value through profit or loss	Amortised cost	Total carrying value	Total Fair value
Financial assets:				
Cash and cash equivalents	-	7,864,186	7,864,186	7,864,186
Trade receivables	-	45,928,242	45,928,242	45,928,242
Unbilled revenue	-	9,781,962	9,781,962	9,781,962
Loans	-	294,121	294,121	294,121
Other financial assets	-	8,907,060	8,907,060	8,907,060
Total	-	72,775,571	72,775,571	72,775,571
Financial liabilities:				
Trade and other payables	-	54,840,834	54,840,834	54,840,834
Other financial liabilities	-	45,392,216	45,392,216	45,392,216
Total	-	100,233,050	100,233,050	100,233,050

Fair value hierarchy

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).

There are no financial liabilities or assets measured at fair value at the end of each reporting period.

Notes forming part of the Financial Statements

(b) Financial risk management

The company is exposed primariliy to fluctuations in foreign currency exhcnage rates,Liquidity risks,which may adversely impact the fair value of investments of its financial instruments. Company has a risk management policy which overs risk associated with the financial assets and liabilities.The risk management is approved by Board of Directors. The focus of risk management committee is to assess the unpredictability of the finacial environment and to mitigate potencial adverse effect on the financial performance of the company.

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 value of financial instrument may result from changes in foreign currency exchange rates, liquidity and other market changes.Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

(i) Foreign currency exchange rate risk as of March 31, 2018 is as follows

The fluctuation in foreign currency exchanges rates may have potential impact on the statement of profit and loss, 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.

Information relating to foreign currency exposure

(EUR)

Foreign currency exposure in Equivalent functional currency	USD EUR	GBP EUR	AUD EUR	CHF EUR	SEK EUR	DKK EUR
Assets:						
Cash and cash equivalents	**465,223**					
Trade receivables	**592,269**	**1,407,666**	**(7,908)**	**84,843**		
Unbilled revenues	**97,064**	**237,653**		**57,056**		
Other financial assets	**1,740**	**48,100**		**3,845**		
Total	**1,156,296**	**1,693,419**	**(7,908)**	**145,744**	**-**	**-**
Liabilities:						
Trade and other payables	**170,132**	**101,730**		**58,940**	**68,628**	**25,103**
Borrowings						
Other financial liabilities	**50,545**	**201,714**		**4,524**		
Total	**220,677**	**303,444**	**-**	**63,464**	**68,628**	**25,103**

(ii) Foreign currency exchange rate risk as of March 31, 2017 is as follows

Information relating to foreign currency exposure

(EUR)

Foreign currency exposure in Equivalent functional currency	USD EUR	GBP EUR	AUD EUR	CHF EUR	SEK EUR	DKK EUR
Assets:						
Cash and cash equivalents	3,718,142					
Trade receivables	459,858	981,332		56,828		
Unbilled revenues	79,698	261,376		62,999		
Other financial assets		23,156				
Total	4,257,698	1,265,864	-	119,827	-	-
Liabilities:						
Trade and other payables	7,659	36,695		40,406	5,852	13,762
Borrowings						
Other financial liabilities	22,741	88,167				
Total	30,400	124,862	-	40,406	5,852	13,762

(c) 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 consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

(i) Details regarding the contractual maturities of significant financial liabilities as of March 31, 2018

(EUR)

	Due in 1st year
Non-derivative financial liabilities:	
Trade payables	**76,360,268**
Borrowings	**28,000,000**
Other financial liabilities	**8,556,444**
Total	**112,916,712**

(ii) Details regarding the contractual maturities of significant financial liabilities as of March 31, 2017

(EUR)

	Due in 1st year
Non-derivative financial liabilities:	
Trade payables	54,840,834
Borrowings	-
Other financial liabilities	45,392,216
Total	100,233,050

(d) Geographic concentration of credit risk

The Company also has a geographic concentration of trade receivables (gross and net of allowances) and unbilled revenue is as follows :

	As at March 31, 2018	
	Gross %	Net %
Europe	94%	94%

	As at March 31, 2017	
	Gross %	Net %
Europe	94%	92%

Geographical concentration of Trade receivables and Unbilled revenue is allocated based on the location of the customers.

25. SEGMENT REPORTING

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluted regularly by the chief operating decision maker,in deciding how to allocate resources and assessing performance. The Chief Executive Officer and Managing Director of the parent company is the chief operating decision maker for the company .The company has identified bussiness segment ('industry practice') as reportable segments . The business segments comprises:

1) Banking, Financial services and insurance, 2) Manufacturing 3) Retail and consumer Business, 4) Communication, Media and Technology and 5) other such as Energy, Resources and Utlities.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly indentifiable to each reporting segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or alloctable to segment have been disclosed as unallocable expenses. Asstes and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segments. All other assets and liablities are disclosed as unallocable. Property, Plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

Summarised segment information for the years ended March 31, 2018 and 2017 is as follows:

Year ended March 31, 2018 (EUR)

Particulars	Business segments					
	Banking, Financial Services and Insurance	Energy & Utilities	Retail and Consumer Business	Manufacturing	Others	Total
Revenue	68,305,026	36,078,154	33,216,281	25,277,258	24,281,994	187,158,713
Segment result	120,429	(1,558,322)	(1,665,757)	993,217	(5,348,561)	(7,458,994)
Total Unallocable expenses	-	-	-	-	-	713,424
Operating income	-	-	-	-	-	(8,172,418)
Other income (net)	-	-	-	-	-	305,435
Loss before taxes	-	-	-	-	-	(7,866,983)
Tax expense	-	-	-	-	-	2,081,458
Loss for the year	-	-	-	-	-	(9,948,441)
Depreciation and amortisation expense (Unallocable)	-	-	-	-	-	558,540
Significant non cash items (allocable)	-	-	-	-	-	127,744

As at March 31, 2018

Particulars	Business segments					
	Banking, Financial Services and Insurance	Energy & Utilities	Retail and Consumer Business	Manufacturing	Others	Total
Segment assets	23,606,534	17,396,039	10,794,980	7,375,432	11,759,204	70,932,189
Unallocable assets						31,705,045
Total assets						102,637,234
Segment liabilities	5,442,542	2,365,175	936,708	3,838,667	(172,113)	12,410,980
Unallocable liabilities						137,311,333
Total liabilities						149,722,313

Notes forming part of the Financial Statements

Year ended March 31, 2017

(EUR)

Particulars	Business segments					
	Banking, Financial Services and Insurance	Energy & Utilities	Retail and Consumer Business	Manufacturing	Others	Total
Revenue	71,416,881	31,150,575	31,332,277	14,714,836	21,951,557	170,566,126
Segment result	(2,376,050)	(1,259,688)	(2,899,062)	171,654	(4,369,948)	(10,733,094)
Total Unallocable expenses	-	-	-	-	-	1,548,806
Operating income	-	-	-	-	-	(12,281,900)
Other income (net)	-	-	-	-	-	24,375
Loss before taxes	-	-	-	-	-	(12,257,525)
Tax expense	-	-	-	-	-	1,985,247
Loss for the year	-	-	-	-	-	(14,242,772)
Depreciation and amortisation expense (Unallocable)	-	-	-	-	-	435,073
Significant non cash items (allocable)	-	-	-	-	-	51,422

As at March 31, 2017

Particulars	Business segments					
	Banking, Financial Services and Insurance	Energy & Utilities	Retail and Consumer Business	Manufacturing	Others	Total
Segment assets	20,430,790	8,009,396	11,438,090	5,693,487	10,176,111	55,747,874
Unallocable assets	-	-	-	-	-	41,846,251
Total assets	-	-	-	-	-	97,594,125
Segment liabilities	3,530,133	598,175	555,932	693,081	609,402	5,986,723
Unallocable liabilities	-	-	-	-	-	128,792,976
Total liabilities	-	-	-	-	-	134,779,699

Notes forming part of the Financial Statements

25. SEGMENT REPORTING

Geographical revenue is allocated based on the location of customers.

Information regarding geographical revenue is as follows :

(EUR)

	Year ended March 31, 2018	Year ended March 31, 2017
Geography		
Europe	**184,144,530**	168,606,173
Others	**82,733**	187,205
Total	**187,158,713**	170,566,126

Geographical non -current assets (property, plant and equipment, goodwill and intangible assets) are allocated based on the location of the assets

Information regarding geographical assets is as follows :

(EUR)

	As at March 31, 2018	As at March 31, 2017
Geography		
Europe	**21,189,406**	20,596,290
Others	**-**	10,283
Total	**21,189,406**	20,606,573

26. LEASES

Non cancellable Operating lease

(EUR)

	As at March 31, 2018	As at March 31, 2017
Within one year of balance sheet date	**-**	113,085
Due in a period between one to five years	**-**	-
Due after five years	**-**	-
Total minimum lease commitments	**-**	113,085

27 EARNINGS PER SHARE (EPS)

(EUR)

	As at March 31, 2018	As at March 31, 2017
Particular		
Loss for the year (EUR)	**(9,899,504)**	(13,801,286)
Weighted average number of equity shares	**14,867,651**	2,356,940
Earnings per share basic and diluted (EUR)	**(0.67)**	(5.86)
Face value per equity share (EUR)	**0.03**	0.03

28 CONTINGENT LIABILITY

(EUR)

	As at March 31, 2018	As at March 31, 2017
Claims against company not acknowledged as debts	**705,535**	2,839,866

29 TRANSACTIONS WITH RELATED PARTIES

Related party transactions as of March 31, 2018 is as follows:

Tata Consultancy Services France SA principal related parties consist of its holding company TCS Netherlands, Tata consultancy services limited and Tata sons limited. Company routinely enters into transactions with its related parties in the ordinary course of business.

(EUR)

S. no.	Name of Related Party	Transaction			Debtors, Loans & Advances			Creditors & Advances from Customer			
		Revenue from operations	Purchases of goods and services (including reimbursement)	Other expense	Trade receivables	Other receivables	Unbilled revenue	Borrowings	Trade Payables	Other payables	Unearned and deferred revenue
I	**Ultimate Holding Company**										
	1 Tata Sons Limited	-	21,258	-	-	-	-	-	-	-	-
II	**Holding Company & Subsidiaries of ultimate Holding company**										
	1 Tata Consultancy Services Limited	2,904,202	57,098,261	-	3,243,744	1,965,437	204,838	-	70,210,211	-	-
	2 Tata America Intl. Corp.	690,213	(1,197,741)	-	728,638	275,364	-	-	19,495	12,430	92,231
	3 TCS Belgium S.A./N.V.	924,829	754,995	-	215,039	19,630	85,051	-	1,557,843	95,163	-
	4 TCS Deutschland GmbH	536,436	418,956	-	128,083	12,415	53,168	-	23,275	74,984	-
	5 TCS Sverige AB	13,659	79,623	-	19,760	3,842	-	-	-	68,628	-
	6 TCS Netherlands B.V.	1,369,486	627,794	123,534	256,927	12,647	367,761	28,000,000	89,414	352,094	-
	7 TCS do Brazil Ltda.	-	297,501	-	-	-	-	-	30,068	-	-
	8 TCS de Mexico SA de CV	-	45,155	-	-	3,361	-	-	3,458		
	9 TATA Steel ltd	-	-	-	60,343	-	-	-	-	-	-
III	**Subsidiaries of Holding Company (Fellow Subsidiaries)**										
	1 TCS Italia srl	14,498	174,383	-	18,887	6,611	-	-	14,350	619	1,750
	2 TCS Luxembourg S.A.	69,413	(15,024)	-	8,573	71,606	-	-	-	-	-
	3 TCS Switzerland Ltd.	3,723,132	141,996	-	316,710	13,492	142,971	-	-	34,798	-
	3 TCS de Espana SA	-	126,321	-	14,876	15,112	-	-	16,346	-	-
	5 TCS Portugal Unipessoal Lda	-	157,775	-	4,317	276	-	-	27,200	-	-

Notes forming part of the Financial Statements

Related party transactions as of March 31, 2017 is as follows:

(EUR)

Sr. No.	Name of Related Party	Transaction			Debtors, Loans & Advances			Creditors & Advances from Customer		
		Revenue from operations	Purchases of goods and services (including reimbursement)	Other expense	Trade receivables	Other receivables	Unbilled revenue	Trade Payables	Other payables	Unearned and deferred revenue
I	Ultimate Holding Company									
	1 Tata Sons Limited	-	55,043	-	-	-	-	-	-	-
II	Holding Company & Subsidiaries of ultimate Holding company									
	1 Tata Consultancy Services Limited	2,298,654	43,942,817	-	2,788,182	115,561	261,376	46,555,712	619,617	1,243
	2 Tata America Intl. Corp.	1,097,335	(1,264,807)	-	360,829	345,752	4,132	28,506	2,634	12,252
	3 TCS Belgium S.A./N.V.	1,636,081	753,838	448,672	146,206	26,741	75,566	905,195	257	-
	4 TCS Deutschland GmbH	301,235	145,814	239,189	70,973	17,762	-	27,303	28,853	71,822
	5 TCS Sverige AB	-	(60,976)	-	5,301	5,210	-	2,833	3,019	-
	6 TCS Netherlands B.V.	426,042	(35,650)	421,054	105,451	9,325	-	84,059	9,850	-
	7 TCS de Mexico SA de CV	-	50,054	-	-	-	-	4,171	-	-
	8 TCS China Co. Ltd.	-	30,096	-	-	-	-	-	-	-
	9 TATA Steel ltd	-	-	-	-	-	-	-	-	-
III	Subsidiaries of Holding Company (Fellow Subsidiaries)									
	1 TCS Italia srl	(6,872)	(14,945)	-	746	734	-	-	-	-
	2 TCS Luxembourg S.A.	360	(5,403)	-	359	353	-	-	-	-
	3 TCS Switzerland Ltd.	2,866,062	86,623	-	300,584	4,430	62,999	15,167	-	-
	4 TCS de Espana SA	23,263	41,385,389	-	630	619	-	-	-	-
	5 TCS Portugal Unipessoal Lda	-	35,712	-	1,730	-	-	13,600	2,562	-

30 DEFINED BENEFIT RETIREMENT PLAN

(EUR)

	Year ended March 31, 2018		Year ended March 31, 2017	
	Unfunded plan	**Total**	Unfunded plan	Total
Change in benefit obligations:				
Benefit obligations, beginning of the year	**4,368,209**	**4,368,209**	4,167,295	4,167,295
Service cost	**559,681**	**559,681**	598,385	598,385
Interest cost	**71,820**	**71,820**	65,745	65,745
Remeasurement of the net defined benefit liability	**(48,938)**	**(48,938)**	(441,485)	(441,485)
Past service cost / (credit)	**-**	**-**	-	-
Benefits paid	**(79,393)**	**(79,393)**	(21,732)	(21,732)
Benefit obligations,end of the year	**4,871,379**	**4,871,379**	4,368,208	4,368,208
Funded status:				
Deficit of plan assets over obligations	**(4,871,379)**	**(4,871,379)**	(4,368,208)	(4,368,208)
	(4,871,379)	**(4,871,379)**	(4,368,208)	(4,368,208)
Net gratuity/pension cost for the year ended comprises of the following components:				
Service cost	**559,681**	**559,681**	598,385	598,385
Net interest on net defined benefit liability	**71,820**	**71,820**	65,745	65,745
Past service (credit) / cost	**-**	**-**	-	-
Net periodic gratuity	**631,501**	**631,501**	664,130	664,130
Remeasurement of Net defined benefit Liability				
Actuarial (gains) and losses arising from changes in demographic assumptions	**(3,208)**	**(3,208)**	7,123	7,123
Actuarial (gains) and losses arising from changes in financial assumptions	**6,171**	**6,171**	(457,169)	(457,169)
Actuarial (gains) and losses arising from changes in experience adjustments	**(51,901)**	**(51,901)**	8,561	8,561
Remeasurement of the net defined benefit liability	**(48,938)**	**(48,938)**	(441,485)	(441,485)

Notes forming part of the Financial Statements

The assumptions used in accounting for the Defined Benefit Plan are set out below:

(EUR)

	Year ended March 31, 2018	Year ended March 31,2017
Discount rate	**1.65%**	1.65%
Rate of increase in compensation levels of covered employees	**2.13%**	2.13%
Rate of return on plan assets	**1.70%**	1.70%
Weighted average duration of defined benefit obligations	**19 years**	19 years
Attrition rate	**0%-15.38%**	0%-15.38%
Projected benefits payable in future years from the end of the current period Cash Flow Projection : From the Employer/Fund:		
1st Following Year	**-**	30,847
2nd Following Year	**20,024**	-
3rd Following Year	**21,682**	85,026
4th Following Year	**60,879**	206,279
5th Following Year	**191,695**	207,331
Sum of Years 6 To 10	**1,661,998**	1,460,190
Sensitivity Analysis		
Delta Effect of "+0.50" Change in Rate of Discounting	**(362,145)**	(322,734)
Delta Effect of "-0.50" Change in Rate of Discounting	**399,527**	358,340
Delta Effect of "+0.50" Change in Salary Escalation	**395,541**	354,753
Delta Effect of "-0.50" Change in Salary Escalation	**(362,230)**	(322,810)

31. INCOME TAX

The major components of income tax expense for the year ended 31 March 2018 and 31 March 2017 are:

(EUR)

	For the year ended March,2018	For the year ended March,2017
Particulars		
Profit and loss account		
Current income tax *	**2,081,458**	1,985,247
Deferred tax (credit)/ charge	**-**	-
Tax credit/(expense) reported in the profit and loss	**2,081,458**	1,985,247
Other comprehensive income		
Deferred tax related to items recognized in Other comprehensive income during the year	**-**	-
Total	**2,081,458**	1,985,247

* Current income tax charge represents company value added contribution which as per local laws in France is a percentage of sales, calculated on the basis of value added.

The reconciliation between the provision of income tax of the Company and amounts computed by applying the statutory income tax rate to profit before taxes is as follows:

(EUR)

	For the year ended March,2018	For the year ended March,2017
Loss before tax	**(9,899,504)**	(13,801,286)
Enacted income tax rate in France	**33.33%**	33.33%
Computed expected tax expense	**#**	#
Effect of:		
Deferred tax (credit)/ charge	**-**	-
Total tax credit/(expense)	**-**	-

Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:

The tax rates under Income Tax Act, for the year ended March 31, 2018 and March 31, 2017 is 33.33%.

No tax recognized in lieu of loss for the year.

Deferred tax

Deferred tax relates to the following:

	Balance sheet		Statement of profit and loss	
			For the period ended	
	As at 31 March 2018	As at 31 March 2017	**31 March 2018**	31 March 2017
Deferred tax assets	**-**	-	**-**	-
Deferred tax liabilities	**-**	-	**-**	-
Net deferred tax assets/ (liabilities) recognized	**-***	-	**-**	-

* Due to losses no deferred tax asset or liability is recognised

Income tax

Unrecognized deductible temporary differences, unused tax losses and unused tax credits:

(EUR)

	As at 31 March 2018	As at 31 March 2017
Particulars		
Losses available for offsetting against future taxable income	**(76,370,821)**	(66,733,577)
	(76,370,821)	(66,733,577)

Notes forming part of the Financial Statements

The following table provides the details of income tax assets and income tax liabilities as of 31 March 2018, 31 March 2017:

(EUR)

Particulars	As at 31 March 2018	As at 31 March 2017
Income tax assets	-	-
Income tax liabilities	639,090	846,976
Net income tax liability at the end of the year	**(639,090)**	(846,976)

As per our report of even date attached

For and on behalf of the Board of Directors of Tata Consultancy Services France SA

For B S R & Co. LLP
Chartered Accountants
Firm's registration no:101248W/W-100022

Rammohan Gourneni
Director

Pradeep Gaitonde
Director

Rajesh Mehra
Partner
Membership number : 103145
Place & Date:

Tata Consultancy Services Switzerland Ltd, Zurich Financial Statements

For the year ended March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Tata Consultancy Services Switzerland Ltd, which comprise the balance sheet, income statement and notes for the year ended 31 March 2018.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we 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 the internal control system 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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 for the year ended 31 March 2018 comply with Swiss law and the company's articles of incorporation.

Other Matter

The financial statements of Tata Consultancy Services Switzerland Ltd for the year ended 31 March 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 29 May, 2017.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Enzo Pontoriero	Roman Wenk *Licensed*
Audit Expert	*Licensed Audit Expert Auditor in Charge*

Zurich, 2 May 2018

Enclosures:

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

Balance Sheet as at 31, 2018 and March 31, 2017

(Swiss francs)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS:			
Current assets:			
Cash and banks		**16,056,034**	6,290,692
Trade receivables			
Due from third party	3.1	**62,226,686**	57,877,813
Due from affiliated companies		**2,988,934**	2,307,044
Due from shareholders		**41,430**	
Other receivables			
Due from third parties	3.2	**316,180**	3,980,896
Due from affiliated companies		**2,542,190**	2,580,479
Unbilled Revenue		**8,923,674**	7,949,468
Prepaid expenses			
Due from third parties		**1,055,712**	1,686,365
Due from affiliated companies.		**738,856**	41,923
Prepaid income taxes		**891,712**	3,513,982
Total current assets		**95,781,408**	86,228,662
Non-current assets:			
Investment	3.3	**-**	15,099,736
Deposits and guarantees	3.4	**1,891,651**	1,965,482
Fixed assets, net	3.5	**900,057**	1,057,573
Total non-current assets		**2,791,708**	18,122,790
TOTAL ASSETS		**98,573,116**	104,351,452
LIABILITIES AND SHAREHOLDERS' EQUITY:			
Current liabilities:			
Trade payables			
Due to third parties		**647,598**	92,383
Due to affiliated companies		**14,571,267**	15,089,819
Due to shareholders		**235,602**	298,206
Accounts payable - others	3.6	**8,323,377**	11,088,708
Deferred revenue		**5,381,258**	10,539,396
Accrued expenses			
Due to third parties	3.7	**7,700,605**	7,324,805
Due to affiliated companies		**7,922,727**	6,245,237
Income taxes		**2,544,854**	5,423,902
Total current liabilities		**47,327,288**	56,102,457
SHAREHOLDERS' EQUITY			
Share capital		**1,500,000**	1,500,000
Legal reserve		**1,030,000**	1,030,000
Available earnings		**48,715,829**	45,718,997
Total shareholders' equity		**51,245,829**	48,248,997
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**98,573,116**	**104,351,454**

Statements of Income and Available Earnings for the year ended 31 March 2018 and 2017

(Swiss francs)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
Gross revenue from sales of services		**263,459,966**	253,118,005
Cost from sales of services		**(168,709,091)**	(160,866,730)
GROSS PROFIT		**94,750,875**	92,251,275
OPERATING EXPENSES			
Salaries		**(71,666,230)**	(67,080,954)
Travel expenses		**(1,414,349)**	(1,606,296)
Marketing and advertising expenses		**(678,378)**	(885,803)
Rent expenses		**(1,113,946)**	(1,103,600)
Office expenses		**(481,010)**	(399,822)
Depreciation		**(321,867)**	(372,800)
Insurance		**(21,873)**	3,377
Administrative expenses & others		**(770,207)**	(902,450)
Total operating expenses		**(76,467,859)**	(72,348,347)
OPERATING PROFIT		**18,283,016**	19,902,928
NON-OPERATING (EXPENSES) / INCOME			
Exchange gains / (losses)		**876,636**	59,692
Interest expenses and bank charges		**(154,828)**	(125,505)
Realized gains from securities, net		**30,016,840**	-
Release tax accruals		**-**	782,770
Other income, net		**374,963**	27,253
TOTAL NON-OPERATING (EXPENSES) / INCOME		**31,113,611**	744,210
Annual profit before tax		**49,396,627**	20,647,138
Taxes		**(4,761,442)**	(4,703,781)
Profit for the period/ annual profit		**44,635,185**	15,943,357
Available earnings, beginning of year		**45,718,997**	29,775,640
Merger loss		**(1,638,354)**	-
Payment of dividend		**(40,000,000)**	-
AVAILABLE EARNINGS, END OF PERIOD / YEAR		**48,715,829**	45,718,997

Notes forming part of the Financial Statements

1. GENERAL INFORMATION

Tata Consultancy Services Switzerland Ltd ("the Company") was incorporated on January 15, 1985. The Company was established as a limited company in Switzerland and is domiciled in Oerlikon, ZH. Its main activities consist of providing software products and computer services in Switzerland.

The Company is a wholly-owned subsidiary of Tata Consultancy Services Netherlands BV in the Netherlands ("the Group"). The Group is ultimately owned by Tata Consultancy Services Ltd, Mumbai, India.

The share capital is divided into 150,000 registered shares of CHF 10 par value.

The average number of full-time employees during 2018 and 2017 did not exceed 250.

As the Company is a wholly-owned subsidiary of Tata Consultancy Services Ltd in Mumbai, India that prepares consolidated financial statements in accordance with IFRS, the Company is exempt from additional disclosure requirements for larger companies in accordance with Art. 961d para 1 CO and also exempt to prepare consolidated accounts in accordance with Art 963a para. 1 CO.

2. KEY ACCOUNTING AND VALUATION PRINCIPLES

Principles of financial reporting

The annual accounts for the Company have been prepared in accordance with the regulations of Swiss financial reporting law. The main accounting and valuation principles used, which are not already specified by the Code of Obligations, are described as follows.

Estimates and assumptions made by management

Financial reporting under the Code of Obligations requires certain estimates and assumptions to be made by management. These are made continuously and are based on past experience and other factors (e.g. anticipations of future results, which seem appropriate under the circumstances). The results subsequently achieved may deviate from these estimates. Actual items in the annual accounts, which are based on the estimates and assumptions made by management, are as follows:

- trade receivables
- unbilled revenue
- accrued expenses

Foreign currency items

The functional currency is Swiss Francs (CHF). Transactions in foreign currencies are converted into the functional currency (CHF) at the exchange rate on the day the transaction takes place.

- Monetary assets and liabilities in foreign currencies are converted into the functional currency (CHF) at the exchange rate on the balance sheet date. Any profits or losses resulting from the exchange are recorded in the profit and loss account.
- Non-monetary assets and liabilities at historical costs are converted at the foreign exchange rate at the time of the transaction. Any foreign exchange profits are deferred in the balance sheet as not having an effect on net income. Foreign exchange losses, on the other hand, are recorded in the profit and loss account.

Related parties

Related parties include subsidiary companies, members of the board of directors and the shareholders of the Company. Transactions with related parties must take place under proper market conditions (dealing at an arm's length).

Trade receivables

Trade receivables are recorded at their original net invoice amount, less a value adjustment for specific receivables carrying risk (contingency reserves). Value adjustments are carried out for receivables, which are more than 12 months overdue (in arrears) for the full amount, 50% of the amount for receivables which are overdue for 9 to 12 month or for which specific risks have been identified. Doubtful receivables are written off.

Notes forming part of the Financial Statements

Tangible fixed assets

The straight-line depreciation method is used for tangible fixed assets according to their expected useful life. Useful lives are established as follows and are revised each year:

- Leasehold improvements — according to rent contract
- Furniture and fixtures — 5 years
- Computer — 4 years
- Office equipment — 4 to 5 years

If there is any evidence of an over-valuation, the accounting values are checked and adjusted where necessary.

Revenue recognition

Revenue from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Revenue from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the percentage of completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Revenue from sale of software licenses are recognised upon delivery.

Revenue from maintenance contracts are recognised on pro-rata basis over the period of the contract.

In respect of Business Process Services, revenue on time and material and unit priced contracts is recognised as the related services are rendered, whereas revenue from fixed price contracts is recognised using the percentage of completion method with contract cost determining the degree of completion.

When recognized revenue is not billed then it is accounted as unbilled revenue in balance sheet.

Revenue is reported net of discounts.

3. INFORMATION RELATING TO ITEMS ON THE BALANCE SHEET AND STATEMENT OF INCOME

3.1 TRADE RECEIVABLES – DUE FROM THIRD PARTIES

(Swiss francs)

In CHF	**As at March 31, 2018**	As at March 31, 2017
Receivables from third parties	**62,733,904**	58,620,747
Less allowance for doubtful accounts	**(507,218)**	(742,934)
Total	**62,226,686**	57,877,813

3.2 OTHER RECEIVABLES – DUE FROM THIRD PARTIES

(Swiss francs)

In CHF	**As at March 31, 2018**	As at March 31, 2017
Recoverable from VAT authorities (Input tax)	**0**	3,720,204
Recoverable from employees	**174,112**	196,076
Recoverable from withholding tax	**0**	64,616
Recoverable from Social Security	**132,197**	0
Recoverable Other	**9,871**	0
Total	**316,180**	3,980,896

3.3 INVESTMENT

The following schedule summarizes the Company's directly owned investments as of March 31, 2018 and 2017:

(Swiss francs)

Company	Country	Currency	Share Capital	Purpose	Ownership and voting shares % 2018	2017
Tata Consultancy Services France SA	France	EUR	300,000	Tata Consultancy Services France SA activities mainly comprise providing business process, software services, products and solutions.	0	100

The TCS group decided on a internal restructuring to have only one single company in a country. Therefor the TCS France was sold to Alti SA, France (also a TCS Group company in France). The transfer price was EUR 38.545 Mio.

3.4 DEPOSITS AND GUARANTEES

Deposits for flats and offices on postal and bank accounts amount to CHF 1,891,651 as of March 31, 2018 (2017: CHF 1,965,482).

3.5 FIXED ASSETS

(Swiss francs)

In CHF	As at March 31, 2018	As at March 31, 2017
Computer	**309,256**	288,462
Furniture and fixtures	**621,087**	621,087
Office equipment	**114,803**	114,803
Leasehold improvements	**1,870,712**	1,727,156
Less depreciation and value adjustments	**(2,015,801)**	(1,693,935)
Total	**900,057**	1,057,573

3.6 OTHER PAYABLES

(Swiss francs)

In CHF	As at March 31, 2018	As at March 31, 2017
Liabilities due to tax authorities	**2,556,263**	1,567,401
Liabilities due to pension schemes	**621,174**	214,989
Liabilities due to VAT authorities (Output tax)	**4,132,294**	8,221,637
Liabilities due to institutions and staff	**1,013,646**	1,084,681
Total	**8,323,377**	11,088,708

Notes forming part of the Financial Statements

3.7 ACCRUED EXPENSES – DUE TO THIRD PARTIES

(Swiss francs)

In CHF	**As at March 31, 2018**	As at March 31, 2017
Provision for staff and social obligations	**4,118,048**	2,827,572
Provision for vendors	**3,582,557**	4,497,233
Total	**7,700,605**	7,324,805

3.8 RENT AND OTHER COMMITMENTS

As of March 31, 2018 the Company has rent commitments for its offices in Zurich and Nyon for CHF 3,538,069 (2017: CHF 4,440,891), as well as for apartments, most of them cancellable within 3 months for the amount of CHF 2,518,230 (2017: CHF 2,410,744).

3.9 LEASING

As of March 31, 2018, the Company has outstanding liabilities for leasing contracts in the amount of CHF 109,664 (2017: CHF 125,799).

3.10 MERGER

The TCS group decided on a internal restructuring to have only one single company in a country. Therefor TCS Switzerland purchased from Alti SA, France (also a TCS Group company in France) whose subsidiary in Switzerland named as Alti Switzerland SA. The transfer price was CHF 3.112 Mio.

Afterward TCS Switzerland has decided to do a merger by absorbtion to have only one single company in Switzerland. The merger has been entered into the commercial register on Thursday 29 March 2018, the merger will have accounting and fiscal – but not legal – retroactive effect as per 1 October 2017.

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS AS PER MARCH 31,2018

The Board of Directors proposes to carryforward the balance of the available earnings as of March 31, 2018 amounting to CHF 48,715,829.

TATA CONSULTANCY SERVICES DE ESPAÑA, S.A.U.

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR YEAR ENDED ON
31 MARCH 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

CONTENT	PAGE

MANAGEMENT REPORT

EVOLUTION OF BUSINESS IN THE YEAR

The revenue from operations during the financial year 2017-18 was 31.649.226 euros, which has shown an increase of 1.3% against the the previous year The main activity contributing to this turnover continued to be information technology(IT) and IT enabled services.

Employee benefit expenses of 16.327.954 euros represent 52% of sales, being the direct cost of the activities. The employee cost increased by 24% compared to the previous year due to the increase of technical staff.

Operative income for the year 2017-18 was 760.369 euros which is lower than the previous year. The reduction is mainly due to the increase of costs in order to strengthen the structure to manage large projects in the future.

Financial income showed a profit of 153.986 euros due to the movements of the exchange rate Euro/USD, which has been favorable to the Company in this fiscal year.

The company's investments in fixed assets during the year have not been material.

The main clients of the Company are multinational companies and the companies in the field of financial services.

The main business risks that the Company faces arises from the general economic situation and specifically the services business in information technology , where the principal players are the multinational companies..

PAYMENT TERM TO SUPPLIERS

The average term for payments to suppliers has been 153 days which is longer compared to the previous year. In order to avoid the excess over the legal payment terms, as per possibility, the Company will improve their processes going forward. er Payable to the group companies constitute a major component of the total payables..

POSITION OF THE COMPANY

The equity of the Company was 2.726.148 euros. Share capital is represented by 60.200 shares with a face value of Euro 1, fully subscribed and paid. At the end of the year all the share capital belongs to the Group's company TCS Netherlands, B.V. and indirectly, all the share capital is owned by the company TATA CONSULTANCY SERVICES LIMITED.

BUSINESS FORECAST

In the current situation, the Company forecasts for the next year revenues of an amount higher than the current year, keeping at the same time costs under control. Consequentially , if the volume of activities are enhanced, profit can be expected to be higher than the profit earned in the financial year 2017/2018.

OBJECTIVES AND MANAGEMENT OF FINANCIAL RISKS

Management of risk is controlled according to the policies approved by the Directors.

Market risk

There are no financial investments made by the company. Hence there are no market risks in respect of financial investments.

Credit risk

The Company has a concentrated credit risk in few clients outside the group, being mainly multinational companies. The Company has policies to assess that the revenue are generated from the clients having a clean track record of payments. The Company has policies to limit the amount of credit risk with any customers.

Impairment for credit risk from clients' insolvencies implies a higher level of judgment by the Management and review of individual balances based on the credit quality of the clients, current trends and historical analysis of the insolvencies at an aggregated level.

Liquidity risk

The company has a prudent management of the liquidity risk, by holding adequate cash in order to meet its commitments of payments.

Interest rate risk

The Company does not have assets which are material and which earn interest. The company also has not availed financial debts. In view of the same, the income, cash flows and operating activities are independent of variation in the market interest rates.

Price risk

There are no financial investments made by the company. Hence there are no price risks in respect of financial investments.

ENVIRONMENT

There are no significant assets dedicated to protection and improvement of the environment, neither any major expenses of this nature have been incurred during the year. Equally, it is estimated that no material contingency related to protection and improvement of environment exists.

OWN SHARES

The company does not own any share of the company, neither any transaction on its own shares has been carried out during the year.

ACTIVITIES OF RESEARCH AND DEVELOPMENT

The company does not carry out activities of research and development.

The present management report included from pages 1 to 3 above has been issued by the Board of Directors in Madrid, on 17 April 2018..

Surya Kant	**Ajoyendra Mukherjee**	**Pradeep Manohar Gaitonde**
President	Director	Director

This is a translation from the original report issued in Spanish in case of discrepancy, Spanish version prevails

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

TO THE SOLELY SHAREHOLDERS OF
TATA CONSULTANCY SERVICES DE ESPAÑA, S.A.U.

Opinion

We have audited the financial statements of TATA CONSULTANCY SERVICES DE ESPAÑA, S.A.U., (the Company), which comprise the balance sheet as at 31 March 2018 the income statement, the statement of changes in equity, the cash-flows statement and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements express, in all material matters, a true and fair view of the equity and financial position of the Company as at 31 March 2018, and of its financial performance for the year then ended in accordance with the applicable accounting framework which is identified in note 2 and, specifically, with the principles and accounting criteria included in it.

Basis for opinion

We conducted our audit in accordance with the regulation of the audit activity currently in force in Spain. 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, included those of independence, which are applicable to our audit of the financial statements in Spain as obliged by the regulation of the audit activity in Spain. In this way, we have not rendered services different to the audit of the financial statements neither other situations nor circumstances have happened that, according to those established in the mentioned regulation, have affected to the necessary independence in a way that it has been compromised.

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

Most relevant audit matters

The most relevant audit matters are those matters that, in our professional judgment, were considered as most significant risks of material misstatement in our audit of the financial statements for the current period. These risks have been addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and do not provide a separate opinion on those risks.

We have concluded that there are no significant risks addressed in the audit that should be disclosed in our report.

Progress of revenue in services rendered

As explained in the attached notes to the financial statements 4 h) and 9, the Company estimates the value of the works performed at the end of the fiscal year but unbilled on that date and records the corresponding amount of assets as trade debtors for services rendered.

On our side, the procedures applied in our audit have consisted of an analysis of the criteria employed in the calculations of the amount of "Unbilled revenue", checking through selective samples of the data used in those calculations, checking their arithmetic integrity and comparison with the accounting balance.

As a conclusion of tests conducted with respect to the mentioned calculations, the results obtained by us have been kept within a reasonable range on the amount disclosed in the financial statements.

Other information: Management report

Other information comprises exclusively the management report for the year ended on 31 March 2018, whose preparation is a responsibility of the Directors of the Company and is not a part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility on the management report, in accordance with the obliged legal regulation of the audit activity, consists in assessing and disclosing the concordance of the management report with the annual accounts, from the knowledge obtained from the Company when performing the audit of the mentioned annual accounts and without including information different from that obtained as evidence during the audit. Furthermore, our responsibility is to assess and disclose whether the content and presentation of the management report are in conformity with the applicable regulation. If, based on the work that we have performed, we conclude that there exist material misstatements, we are obliged to inform these.

Based on our work performed, as described in the paragraph above, the information that is contained in the management report is in accordance with the information of the annual accounts for the year ended on 31 March 2018 and its content and presentation are in conformity with the applicable regulation.

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Responsibilities of the Directors of the Company for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the attached financial statements in order to present the true and fair view of the equity and financial position and the financial performance of the Company in conformity with the legal framework of financial information applicable to the Company in Spain, which is identified in note 2 , and for such internal control as the Directors determine necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

When 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 the legal regulation of the audit activity in Spain, 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 Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the risks communicated to the Directors, we determine those risks that were of most significance in the audit of the financial statements of the current period and are therefore considered the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the risks.

BNFIX AUDIT AUDITORES, S.L.P.
Registered in ROAC No. S0294

José María Hinojal Sánchez
ROAC number 16660
Partner – Auditor of accounts

Balance Sheet as at March 31, 2018 and 2017

(Amount in : EUR)

	Note	31/03/2018	31/03/2017
ASSETS:			
Non-current assets:		**107.273**	74.862
Fixed assets		**101.773**	69.362
Property, plant and equipment	(5)	**101.773**	69.362
Non current, investments in group's companies		**5.500**	5.500
Equity instruments	(8)	**5.500**	5.500
Current assets		**20.012.163**	18.575.225
Trade receivables and other debtors		**17.245.880**	16.321.840
Trade receivables	(9)	**11.146.172**	12.275.615
Trade receivables, group's companies	(10)	**5.289.191**	3.936.420
Other debtors		**730.258**	44.784
Other receivables from public entities	(14)	**80.259**	65.021
Accruals		**13.867**	1.069
Prepaid expenses	(11)	**13.867**	1.069
Cash and equivalents		**2.752.416**	2.252.316
Cash and bank balances	(12)	**2.752.416**	2.252.316
TOTAL ASSETS		**20.119.436**	18.650.087
EQUITY AND LIABILITIES			
Net equity		**2.726.148**	1.937.700
Shareholders' funds	(13)	**2.726.148**	1.937.700
Share capital		**60.200**	60.200
Income from previous years		**1.877.493**	(569.312)
Other grants from shareholders		-	680.766
Income for the year		**788.455**	1.766.046
Current liabilities		**17.393.288**	16.712.387
Trade payables and other creditors		**16.858.340**	16.120.895
Suppliers		**251.030**	199.802
Suppliers, group's companies	(10)	**13.584.754**	13.081.646
Other creditors		**958.285**	1.047.059
Employees (salaries pending)		**413.262**	429.720
Other debts with public entities	(14)	**1.651.009**	1.362.668
Short term accruals		**534.948**	591.492
TOTAL EQUITY AND LIABILITIES		**20.119.436**	18.650.087

Profit and Loss for the Years Ended March 31, 2018 and 2017

(Amount in : EUR)

OPERATIONS	Note	31/03/2018	31/03/2017
Net revenue from operations		**31.649.226**	31.238.143
Services rendered	(15)	**31.649.226**	31.238.143
Procurements		**(11.005.597)**	(13.184.176)
Works performed by other companies	(16)	**(11.005.597)**	(13.184.176)
Employee benefit expenses	(17)	**(16.327.954)**	(13.175.089)
Salaries and others		**(12.317.017)**	(9.880.444)
Social charges		**(4.010.937)**	(3.294.645)
Other operative expenses		**(3.510.136)**	(2.342.625)
External services	(18)	**(3.204.448)**	(2.347.780)
Losses and impairment for commercial transactions	(9)	**(305.688)**	5.155
Depreciation of fixed assets	(5)	**(45.170)**	(188.876)
Operative income		**760.369**	2.347.377
Financial turnover		**-**	13.993
From financial assets			
From third parties	(7)	**-**	13.993
Exchange differences	(20)	**153.986**	(346.286)
Financial income		**153.986**	(332.293)
Income before taxes		**914.355**	2.015.084
Corporate tax	(14)	**(125.900)**	(249.038)
Income for the year from operations		**788.455**	1.766.046
Income for the year		**788.455**	1.766.046
Total income directly recongnised in equity		**-**	-
Total transfer to the profit and loss account		**-**	-
Total income recognised		**788.455**	1.766.046

Statement of changes in Equity for the year ended 31 March 2018

(Amount in : EUR)

STATEMENT OF TOTAL CHANGES IN EQUITY	Share capital	Income from previous years	Other grants from shareholders	Income for the year	Total
Final balance as at 31/03/2016	60.200	-	680.766	(569.312)	171.654
Adjusted balances, initial as at 01/04/2016	60.200	-	680.766	(569.312)	171.654
Total income recognised	-	-	-	1.766.046	1.766.046
Other variations in equity	-	(569.312)	-	569.312	-
Final balance as at 31/03/2017	**60.200**	**(569.312)**	**680.766**	**1.766.046**	**1.937.700**
Adjusted balances, initial as at 01/04/2017	**60.200**	**(569.312)**	**680.766**	**1.766.046**	**1.937.700**
Total income recognised	**-**	**-**		**788.455**	**788.455**
Other variations in equity	**-**	**1.766.046**	**-**	**(1.766.046)**	**-**
Final balance as at 31/03/2018	**60.200**	**1.196.734**	**680.766**	**788.455**	**2.726.155**

Cash flow statement for the year ended 31 March 2018

(Amount in : EUR)

	Note	31/03/2018	31/03/2017
CASH FLOWS FROM OPERATING ACTIVITIES:		**423.695**	129.151
Income before taxes		**914.355**	2.015.084
Adjustments on the income for:		**(108.816)**	521.169
Depreciation of fixed assets	(5)	**45.170**	188.876
Financial turnover	(7)	**-**	(13.993)
Exchange differences		**(153.986)**	346.286
Working capital changes		**(88.115)**	(2.257.318)
Trade receivables and other debtors		**(756.211)**	(5.661.722)
Other current assets		**(12.798)**	32.541
Trade payables and other creditors		**737.438**	2.996.961
Other short term liabilities		**(56.544)**	374.902
Other cash flows from operating activities		**(293.729)**	(149.784)
Interest collections	(5)	**-**	13.993
Payments for income tax	(7)	**(293.729)**	(163.777)
CASH FLOWS FROM INVESTING ACTIVITIES:		**(77.581)**	(52.514)
Payments for investments		**(77.581)**	(52.514)
Fixed assets	(5)	**(77.581)**	(52.514)
Effect from exchange differences	(20)	**153.986**	(346.286)
Net increase in cash and cash equivalents		**500.100**	(269.649)
Cash and cash equivalents at beginning of the year		**2.252.316**	2.521.965
Cash and cash equivalents at the end of the year	(12)	**2.752.416**	2.252.316

Notes forming part of the Financial Statements

1. GENERAL INFORMATION ABOUT THE COMPANY AND NATURE OF ITS ACTIVITY.

a. Incorporation and company's name

On 30 May 2003, TATA CONSULTANCY SERVICES DE ESPAÑA, S.A.U. was incorporated, whose social address is situated at Santa Leonor 65, F building, 28037 in Madrid.

b. Social purpose

According to the bylaws the social purpose is, advisory and consultancy services, implementation and maintenance services related to information systems and information technologies.

The Company's activity is focused on rendering Information Technology and IT enabled Services.

c. Group companies

The company is integrated in the TCS group as disclosed in note 14, the group's company TATA CONSULTANCY SERVICES NETHERLANDS, B.V., whose social address situated at Symphony Towers 20th floor, Gustav Malherplein 85-91, Amsterdam (The Netherlands) is the direct parent company and the sole shareholder. The last parent company is the company TATA CONSULTANCY SERVICES LIMITED, with social address at 9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021 (India).

d. Consolidated financial statements

The directors of the last parent company issue the consolidated financial statements as at 31 March 2018, which will be presented before the authority of India.

The company and its subsidiary TATA CONSULTANCY SERVICES PORTUGAL, UNIPESSOAL LIMITADA form a group of companies as established in the article 42 of the Spanish Commercial Code. The Directors issue consolidated financial statements for the Group that will be presented before the House of Companies in Madrid.

2. BASIS OF PRESENTATION

a. True and fair view

The financial statements have been prepared from the accounting records of the Company according to the current commercial law and the rules established in the General Accounting Plan, in order to present the true and fair view of the equity and financial position as of 31 March 2018 and the results of its operations, changes in net equity and cash flows for the year then ended.

The financial statements as of 31 March 2018 have not been submitted to the approval of the sole shareholder; nevertheless, the Directors hope that they will be approved without changes.

b. Functional and presentation currency

The financial statements are presented in euros, rounded to the nearest unit, which is the functional and presentation currency for the Company.

c. Comparative figures

The financial statements present, for comparative purposes, with each entry of the balance sheet, the statement of profit and loss, the statement of changes in equity, the cash flow statement and the notes, in addition to the figures for the year ended on 31 March 2018 (that are pending to be approved by the Sole Shareholder), those for the prior year which were included in the financial statements for the year ended on 31 March 2017.

d. Significant valuation issues and use of estimates and relevant judgements in applying the accounting policies.

Preparing the financial statements require applying relevant accounting estimates and making judgments, forecasts and hypotheses in the process of applying the accounting policies of the Company. In this process, the aspects that imply a major level of judgment, complexity or where hypotheses and forecasts are significant for preparing the financial statements are mainly, the recognition of turnover and expense by reference to the stage of completion. This method is based on the estimations of the stage of completion of the projects. Based on the method to establish the completion of the projects, the forecasts include the cost incurred in executing the projects.

Notes forming part of the Financial Statements

Although the estimations made by the Directors have been valued according to the best information available at the end of the fiscal year, it is possible that future events would oblige a change of the estimates in the future years. The effect on the financial statements of those changes that imply adjustments in the future, would be recorded prospectively.

e. Addition of entries

Some entries of the balance sheet, the statement of profit and loss, the statement of changes in equity, the cash flow statement and the notes are disclosed or added in order to enable easy comprehension, although when material, the information has been disaggregated in the notes.

3. DISTRIBUTION OF INCOME

The Directors will propose to the sole shareholder the next distribution of income:

(Amount in : EUR)

Basis of distribution	As at March 31, 2018
Income for the year	788.455
Distribution	
General reserve	788.455
	788.455

4. VALUATION AND RECORDING STANDARDS

(Amount in : EUR)

a. Intangible assets

Assets included as intangible are software that is initially valued at cost. Costs of maintenance are expensed when incurred. As at 31 March 2018 and 2017, all of them are fully amortised.

b. Tangible assets

Assets included as tangible assets are recorded at cost of acquisition. Tangible assets are presented in the balance sheet at cost less accumulated amortisation.

Depreciation is calculated on a straight-basis method, during their estimated useful lives, in such a way that at the end of it, the net value is zero. Percentages of amortisation annually applied are:

- Furniture and fixtures 20,0%
- Computers 25,0%

The company reviews the residual value, useful life and method of amortisation of property, plant and equipment at the end of each year. Modifications in established criteria are recognised as change of estimations.

After the initial recognition of the asset, only those costs that increases the capacity, productivity or enhances the useful life are capitalised, writing-off those elements substituted. The daily maintenance costs are expensed when incurred.

The company evaluates periodically the possible existence of impairment in the value of tangible assets.

c. Operating leases

The company has the right of use for some assets under lease contracts. Given that those contracts do not transfer to the Company substantially all the risk and benefits inherent to the property of the goods, those leases are classified as operating leases

Amounts paid for operating leases are recognised as expense on a straight-line basis during the term of the contract.

d. Financial instruments

i. Classifications and separation of financial instruments

Financial instruments are classified initially as a financial asset or a financial liability, as appropriate, according to the arrangement and definition of financial asset or financial liability.

In order to be valued, financial instruments are classified as financial assets or liabilities at fair value through profit or loss, loans and receivable or available-for-sale financial assets, held–to-maturity investments. The classification in those categories is made initially according to the instrument and the Management intention.

Financial instruments are recognised when the company is obliged by a contract or arrangement.
Transactions of purchase or sale of financial assets, documented in contracts in which reciprocal obligations must be carried out in an established time and cannot be settled by difference are recognised at the date of contract or settlement.

ii. Non-compensation principle

A financial asset and a financial liability are compensated only when the company has the right to compensate the recognised amounts and has the intention to settle the net amount or cancel the asset and the liability simultaneously.

iii. Loans and receivables

Loans and receivables are trade and non-trade credits with fixed collections or fixable that are traded in an active market and different from other financial assets. These assets are initially recognised at fair value, including transactions costs and are valued after initial measurement at amortised cost using the effective interest rate method. Nevertheless, financial assets that does not have an interest rate or from which the maturity is less than a year and the effects are not material, are valued at face value.

iv. Rental Deposits

Rental Deposits given are initially valued as financial instruments. After the initial valuation, given that the effect is not material, these are valued at face value.

v. Interests

Interests are recognised using the effective interest rate method, which is the rate that equals the book value of the financial instrument with the cash flows estimated in the life of the instrument, from their contract conditions and with no loss for future credit risk.

vi. Derecognition of financial assets

The company derecognises a financial assets or a part of it, when it gets expired or when the rights on the cash flows of the financial asset are transferred, being necessary that risks and rewards of ownership are substantially transferred.
When the financial asset is derecognised, the difference between the amount received net of transactions costs and the book value of the financial asset is the resultant profit or loss which arises upon de-recognition of the financial asset is included in the income for the year.
The company applies the average price in order to evaluate and derecognise the cost of equity instruments or debt that are included in a portfolio and have the same rights.

vii. Impairment of financial assets

A financial asset or a group of financial assets is impaired and a loss for impairment arises, if there is objective evidence of the impairment as a consequence of the events that have occurred after the initial recognition of the asset and which affects the estimated future cash flows from the asset or group of financial assets, that can be reliably estimated.

For loans and receivables, and debt instruments it is considered that there exists impairment when an event that causes reduction or delay in the future estimated cash flows, motivated by an insolvency of the debtor.

In case of financial assets recorded at amortised cost, the amount of the impairment is the difference between the account value of the financial asset and the current value of the cash flows estimated, excluding future losses for credit risk, using the effective interest rate. For those financial assets with variable interest rate, the interest rate on the date of valuation is used according to the arrangement.

Losses for impairment are recognised in the income statement and it is reversible in future years if the decrease can be objectively related to a future event. Nevertheless, the reversal of the loss has a limit in the amortised cost of the asset with no loss for impairment.

viii. Financial liabilities.

Financial liabilities, including trade creditors and other, are initially recognised at fair value, less, in case costs of transaction which are directly attributable to issuing them. After initial recognition, financial liabilities are valued

Notes forming part of the Financial Statements

at amortised cost using the effective interest rate method. Nevertheless, financial liabilities that do not have an established interest rate and the maturity is less than a year and the effect is not material are valued at face value.

ix. Derecognition of financial liabilities

The Company derecognizes a financial liability or a part of it when it has accomplished the obligation included in the liability or it is legally freed from the responsibility included in the liability, from a trial or agreement with the creditor.

e. Cash and equivalents

Cash and equivalents include cash in hand and disposable bank deposits in credit entities. Other investments of great liquidity are also included if they are easily converted in fixed amounts of cash and the risk of change value is not material. For these reasons, investments with a maturity of less than three months from acquisition are included.

f. Accruals

Expenses incurred initially in the transition period for projects of maintenance and storage and operation of data bases are capitalised as prepaid expenses and are transferred to income according to the life of the contract.

g. Turnover and expenses

Turnover and expenses are accrued independent of the time / moment of cash flows from them. Nevertheless, the company only recognises profits realisable at the end of the year, but risks and losses are recognised when known.

h. Revenue from services rendered

Revenue from services rendered is valued applying the stage of completion method. This circumstance happens when the amount of revenue, the stage of completion and the cost already incurred and pending to be received can be reliably evaluated and it is likely that the economic profit from the service will be collected.

i. Employee benefit expenses

The company recognises the cost of the cash bonuses to employees when there is an obligation, legal or constructive, as a consequence of past events and can be reliably estimated.

Employee termination benefits are recognised when there is a formal plan and there is a valid expectation in the affected staff that the termination is going to be carried out, as the plan has been started or the main characteristics have been informed.

j. Corporate tax

Expense or turnover for corporate tax includes current and deferred income tax.

Current income tax is the amount to be paid or collected for the corporate tax from the taxable base for the year. Assets or liabilities for the current income tax are valued for the amounts that are expected to be paid or recovered from the tax authority, using the current law and tax rates or those approved and pending to be published at the end of the year.

Income tax, current or deferred is recognised in the statement of profit and loss unless it arises from a transaction or event that is recognised in the same year or in other years and is recognised directly in net equity or a business combination.

Deductible temporary differences are recognised if it is likely with high probability that there will exist positive taxable bases in the future, enough for their compensation.

Deferred tax assets are valued according to the tax rates that will be applied in the years when it is expected to compensate those assets with the law and rates currently applicable.

k. Classification of current and non-current assets and liabilities

Assets are classified in the balance sheet as current when is expected to be recovered or is intended to be sold or consumed in the normal operating cycle, are kept mainly to trade, is expected to be sold in twelve month after the end of the year or is cash or cash equivalents, except in those cases when they cannot be exchanged or used to settle a liability, at least in the next twelve months after the end of the year, when they are classified as non-current.

Liabilities are classified in the balance sheet as current when is expected to be settled in the normal operating cycle, are kept mainly to trade, and must be settled in the next twelve months or the company does not have the right to delay the cancellation of the liability during the next twelve months after the end of the year, presented as non-current in any other case.

Financial liabilities are classified in the balance sheet as current when must be settled in the next twelve months after the end of the year although the initial maturity is for a period higher to twelve months and there exists an agreement for refinancing or restructuring payments in a term finished after the end of the year and before the annual accounts are issued. In any other circumstance, they are classified as non-current liabilities.

l. Transaction with related parties

Transactions carried out with related parties are recognised at fair value of the consideration to be given or received. The main transactions carried out during the year with related parties have been recorded with the next criteria:

- Services rendered have been valuated at cost of the work carried out plus a market margin.
- Cash balances for credits generate interests according to preferential market rates.

m. Foreign currency transactions

Those transactions in foreign currency are converted to the functional currency by applying the current exchange rates between the functional and the foreign currency at the date when the transactions are carried out. Nevertheless the Company uses monthly exchange rates for those transactions carried out in that term.

Monetary assets and liabilities named in foreign currency have been converted to euros by applying the exchange rate at the end of the year and non-monetary assets are valued at historic cost are converted applying the exchange rate when the transaction was carried out. Finally, conversion to euros of the nonmonetary assets that are valued at fair value has been carried out by applying the exchange rate at the date when the valuation of the asset was made.

5. TANGIBLE ASSETS

5(a) Composition and movement as at 31 March 2018 in accounts included as tangible assets have been as follows:

(Amount in : EUR)

Cost value	Balances 31/03/2017	**Additions (Expense)**	**Disposals**	**Balances 31/03/2018**
Computers	430.512	**74.726**	-	**505.238**
Furniture and fixtures	891.836	-	-	**891.836**
Tangible assets in progress	14.866	**2.855**	-	**17.721**
	1.337.214	**77.581**	-	**1.414.795**
Cumulated amortisation				
Computers	(395.156)	**(26.077)**	-	**(421.233)**
Furniture and fixtures	(872.696)	**(19.093)**	-	**(891.789)**
	(1.267.852)	**(45.170)**	-	**(1.313.022)**
Net value				
Computers	35.356			**84.005**
Furniture and fixtures	19.140			**47**
Tangible assets in progress	14.866			**17.721**
	69.362			**101.773**

Notes forming part of the Financial Statements

5(b) Composition and movement as at 31 March 2017 in accounts included as tangible assets have been as follows:

(Amount in : EUR)

Cost value	Balances 31/03/2016	**Additions (Expense)**	**Disposals**	**Balances 31/03/2017**
Computers	420.209	**37.648**	**(27.345)**	**430.512**
Furniture and fixtures	891.836	**-**	**-**	**891.836**
Tangible assets in progress		**14.866**	**-**	**14.866**
	1.312.045	**52.514**	**(27.345)**	**1.337.214**
Cumulated amortisation				
Computers	(410.615)	**(11.886)**	**27.345**	**(395.156)**
Furniture and fixtures	(695.706)	**(176.990)**	**-**	**(872.696)**
	(1.106.321)	**(188.876)**	**27.345**	**(1.267.852)**
Net value				
Computers	9.594			**35.356**
Furniture and fixtures	196.130			**19.140**
Tangible assets in progress	-			**14.866**
	205.724			**69.362**

5(c) There are no significant tangible assets fully amortised.

5(d) The Company has contracted insurance policies in order to cover the risk for the goods in tangible assets. The coverage of those policies are considered enough.

6. OPERATING LEASES

a. The Company has taken on lease from third parties office buildings and vehicles. The total leases rents incurred during the year as at 31 March 2018 have amounted to 302.541 euros as in the year as at 31 March 2017 were 364.285 euros.

b. The main lease contract included in the a) above is for lease for the facilities that the Company occupies in Santa Leonor, 65, F Building in Madrid, where is also the social address, which has incurred rents for an amount of 302.741 euros in this year and 301.731 euros in the prior year. This contract ends initially in June 2018 but can be prorogued until December 2019.

c. Amount of lease commitments at the end of the year is as follows:

(Amount in : EUR)

	As at March 31, 2018	As at March 31, 2017
Amounts to pay		
Less than 1 year	**21.963**	57.078
Between 1 and 5 years	**-**	5.493
More than 5 years	**-**	-
Total	**21.963**	62.571

Notes forming part of the Financial Statements

7. FINANCIAL INSTRUMENTS

a. The classification of financial assets by categories and classes, without cash and equivalents nor equity instruments in group's companies is as follows:

(Amount in : EUR)

	Balance As at March 31, 2018	Balance As at March 31, 2017
Short term financial assets		
Loans and receivables		
Trade receivables and other debtors	**17.118.398**	16.215.720
Total	**17.118.398**	16.215.720

b. The classification of financial liabilities by categories and classes is as follows:

	Balance As at March 31, 2018	Balance As at March 31, 2017
Short term financial liabilities		
Debts and payable		
Trade payables and other creditors	**15.207.331**	14.758.227
Total	**15.207.331**	14.758.227

c. The amount of net profit and loss by categories of financial assets is as follows:

	Balance As at March 31, 2018	Balance As at March 31, 2017
Net profit in statement of P&L Financial revenue at		
amortised cost	**-**	13.993
Total	**-**	13.993

d. Nature and level of risk from financial instruments
Management of risk is controlled by the company according to the policies approved by the Directors:

i. Market risk

There are no financial investments made by the company. Hence there are no market risks in respect of financial investments.

ii. Credit risk

The Company has a concentrated credit risk in few clients outside the group, being mainly multinational companies. The Company has policies to assess that the revenue are generated from the clients having a clean track record of payments. The Company has policies to limit the amount of credit risk with any customers.

Impairment for credit risk from clients' insolvencies implies an elevated level of judgment by the Management and review of individual balances based on the credit quality of the clients, current trends and historical analysis of the insolvencies at an aggregated level.

iii. Liquidity risk

The company has a prudent management of the liquidity risk, based in holding adequate cash in order to meet its payment commitments.

Notes forming part of the Financial Statements

iv. Interest rate risk

Due to the company does not have material assets with interests, neither financial debts with credit entities or other group's companies, income and cash flows of the operating activities of the company are mainly independent from the variation of the market interest rates.

v. Price risk

There are no financial investments made by the company. Hence there are no price risks in respect of financial investments.

8. EQUITY INSTRUMENTS FROM GROUP'S COMPANIES

a The balance of equity instruments in group companies are shares of TATA CONSULTANCY SERVICES PORTUGAL UNIPESSOAL LIMITADA, owning the 100% of its share capital.

b. The social address of that company is Avenida José Gomes Ferreira 15, 7º-U, Miraflores - Algés (Portugal) and its activities are in consultancy of information technologies.

c. The financial information of it is as follows:

	As at March 31, 2018	As at March 31, 2017
Net equity		
Share capital	**5.500**	5.500
Reserves	**(1.820.163)**	(1.679.731)
Income for the year	**797.532**	(140.432)
Total	**(1.017.131)**	(1.814.663)

d. That company is not listed in stock exchange and during the years as at 31 March 2018 and 2017 has not paid dividends.

9. TRADE RECEIVABLES

a. Detail of the balance is as follows:

(Amount in : EUR)

	As at March 31, 2018	As at March 31, 2017
Clients		
For services rendered	**13.866.712**	13.193.701
Unbilled revenue	**2.568.652**	3.018.334
Total	**16.435.364**	16.212.035

During the year ended 31 March 2018, credit risk expenses had been charged for 305.688 euros for uncollected invoices. In the prior year, an amount of 5.155 euros was recovered from impaired clients' balances.

Notes forming part of the Financial Statements

10. BALANCES AND TRANSACTIONS WITH GROUP'S COMPANIES

a. Detail of debtor balances and revenues for services rendered to group's companies is as follows:

(Amount in : EUR)

	Assets		Revenue for services	
	31/03/2018	31/03/2017	**31/03/2018**	31/03/2017
Clients				
Tata Consultancy Services America	**23.758**	6.525	**164.644**	179.040
Tata Consultancy Services Asia Pacific Pte Ltd.	**51.343**	-	**363.453**	-
Tata Consultancy Services Belgium, N.V./S.A.	**38.316**	44.451	**241.943**	294.488
Tata Consultancy Services Deutschland, GmbH	**30.983**	12.283	**113.832**	255.205
Tata Consultancy Services France S.A.S.	**16.352**	-	**162.422**	-
Tata Consultancy Services Netherlands BV	**191.628**	49.009	**618.140**	278.149
Tata Consultancy Services Osterreich GmbH	**2.810**	-	**-**	-
Tata Consultancy Services Portugal U. Lda.	**3.054**	2.265	**-**	-
Tata Consultancy Services Switzerland, Ltd.	**70.754**	13.382	**173.095**	113.358
Tata Consultancy Services, Limited	**4.860.195**	3.808.505	**3.303.404**	2.435.756
	5.289.191	3.936.420	**5.140.932**	3.555.996

b. Detail of credit balances and expenses for services rendered by group's companies is as follows:

	Liabilities		Revenue for services	
	31/03/2018	31/03/2017	**31/03/2018**	31/03/2017
Suppliers				
Alti Switzerland S.A.	**5.159**	-	**-**	-
MGDCSC	**3.015**	37	**28.088**	23.035
Tata America International	**17.282**	5.637	**8.162**	5.600
TCS Belgium, S.A.	**15.636**	-	**20.983**	-
TCS México	**204.039**	374.263	**406.338**	1.285.488
TCS Deutschland	**12.790**	3.803	**(18.504)**	8.631
TCS France	**29.988**	1.249	**36.101**	27.617
TCS Netherlands	**52.252**	25.882	**56.065**	22.495
TCS Osterreich GmbH	**-**	-	**(6.969)**	-
TCS Portugal	**1.489**	1.843	**(5.613)**	1.843
TCS Sverige AB	**13.090**	-	**19.657**	-
TCS Switzerland Ltd	**16.273**	-	**56.976**	-
TCS Italia	**8.926**	68.278	**220.253**	68.279
TCS Limited	**13.277.215**	12.600.654	**9.060.803**	9.840.242
	13.657.154	13.081.646	**9.882.340**	11.283.230
Suppliers				
Tata Sons Limited	66.270	70.000	66.270	70.000
	13.723.424	13.151.646	9.948.610	11.353.230

c. Services rendered by the Sole Shareholder are works in administrative and financial support rendered by the Direct Parent Company TCS NETHERLANDS, B.V.

Notes forming part of the Financial Statements

11. PREPAID EXPENSES

a. Detail of the balance and movement is as follows:

(Amount in : EUR)

Project expenses	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	**1.069**	33.562
Transfer to income for the year	**(1.069)**	(33.562)
Other prepaid expenses	**13.867**	1.069
Total	**13.867**	1.069

12. CASH AND BANK BALANCES

a. Detail of the balance by categories is as follows:

(Amount in : EUR)

Categories	As at March 31, 2018	As at March 31, 2017
Cash in hand	**-**	375
Current accounts, Euro	**2.739.641**	2.237.120
Current accounts, USD	**12.775**	14.821
Total	**2.752.416**	2.252.316

13. SHAREHOLDERS' FUNDS

a. Share capital in represented by 60.200 shares with a face value of 1 euro each, fully subscribed and paid being the sole shareholder the group's company TATA CONSULTANCY SERVICES NETHERLANDS, B.V.

b. Indirectly, all the share capital belongs to the company TATA CONSULTANCY SERVICES LIMITED in both years.

c. Detail of movement of the income from previous years is as follows:

(Amount in : EUR)

Income from previous years	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at the beginning of the year	**(569.312)**	-
Distribution of income	**1.766.046**	(569.312)
Transfer from grant from shareholders	**680.759**	-
Total	**1.877.493**	(569.312)

d. During the fiscal year ended on 31 March 2016, the Sole Shareholder carried out a capital infusion to compensate losses from prior years for an amount of 15.000.000 euros. Given that the contribution exceeded the losses from previous years, an amount of 680.766 euros was recorded as "Other contribution from shareholders". This amount has been transferred to income from previous years during 2017.

14. TAX POSITION.

a. Detail of balances is as follows:

(Amount in : EUR)

	Current	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Assets	**80.259**	65.021
Witholdings on income tax	**80.259**	65.021
Liabilities		
Witholdings on personal tax	**183.639**	136.743
Value Added Tax	**976.554**	860.423
Social Security Entities	**447.602**	365.502
Current income tax	**43.214**	-
Total	**1.651.009**	1.362.668

b. Pending balance for current tax comes from withholdings carried out in different countries for the revenues obtained there, according to the next detail:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Tax jurisdiction		
Spain	**586**	(84.185)
Chile	**77.962**	147.495
Greece	**354**	354
Morocco	**1.357**	1.357
Total	**80.259**	65.021

c. The company has generated losses in the prior years, hoping to be able to compensate the negative tax bases arisen with positive tax bases in future years. The tax rate used in calculating the applicable tax to the future company's operations is 25%. The tax credit from the negative tax bases amounts 3.209.117 euros and it was 3.433.637 euros at the end of the prior year, with a decrease of 224.521 euros in the estimate of the corporate tax for the year. The tax credit has not been recognised as the directors consider that currently, for prudent reasons, there is no a high probability for compensating with positive tax bases of future years.

d. Detail of negative bases pending to be compensated in the corporate tax is as follows:

End of the original year	Euro
31/03/2011	566.806
31/03/2012	1.333.288
31/03/2013	5.567.682
31/03/2014	2.289.977
31/03/2015	2.493.129
31/03/2016	585.585
	12.836.467

Notes forming part of the Financial Statements

e. The reconciliation between the net amount of revenues and expenses for the year and the taxable base is as **follows:**

	For the year ended Des 31, 2018	For the year ended Des 31, 2017
Balance of revenues and expenses		
for the year	**788.455**	1.766.046
Corporate tax	**125.900**	249.038
Temporary differences		
Depreciation non-deductible	**(16.273)**	(16.273)
Compensation of negative bases	**(898.082)**	(999.406)
Taxable base	**-**	999.405
Tax amount	**-**	(249.851)
Deductions	**586**	814
Witholdings and payments in advance	**-**	163.728
Net receivable (payable)	**586**	(85.309)

f. The reconciliation between the income before tax and the tax expense for income tax is as follows:

	For the year ended Murch 31, 2018	For the year ended Murch 31, 2017
Income before taxes for the year	**914.355**	2.015.084
Income for corporate tax recognised in the statement of profit and loss		
Amount at tax general rate	**(228.589)**	(503.771)
Temporary differences	**4.068**	4.068
Deductions	**814**	814
Deferred tax assets not recognised	**97.807**	249.851
	249.851	(249.038)

g. The company has open to be reviewed tax forms for the next years:

Corporate tax	2010 to 2017
Value Added Tax	2014 to 2017
Witholdings on personal tax	2014 to 2017
Local tax	2014 to 2017

As a consequence, among others, of different possible interpretations of the current tax law, additional tax liabilities could arise as a result of a tax audit. Nevertheless, the directors of the company consider that in that case those liabilities would not affect materially to the financial statements.

15. SERVICES RENDERED

a. The whole amount comes from revenues in information technology services. Approximately, 37% of the revenue comes from a single client and 51% in the prior year.

b. Detail of the amount by geographical areas is as follows:

(Amount in : EUR)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Area		
Spain	**21.666.392**	27.401.638
Rest of Europe	**9.454.737**	3.657.283
America	**164.644**	179.222
Asia Pacific	**363.453**	-
Total	**31.649.226**	31.238.143

16. WORKS PERFORMED BY OTHER COMPANIES

(a) The whole amount comes from works in consultancy subcontracted to other companies. Approximately, 83% of the balance in the year ended as at 31 March 2018 and 85% in the prior year is from acquisition of services to group's companies.

(b) Detail of expense by geographical markets is as follows:

(Amount in : EUR)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Area		
Spain	**1.123.257**	1.013.743
Rest of Europe	**407.037**	952.485
America	**414.500**	1.319.488
Asia	**9.060.803**	9.898.460
Total	**11.005.597**	13.184.176

17. PERSONNEL

(a) The average staff during the years by categories is as follows:

	For the year ended March 31, 2018			For the year ended March 31, 2017		
	Women	**Men**	**Total**	Women	Men	Total
Categories						
Managers	**1**	**-**	**1**	1	-	1
Technicians	**58**	**276**	**334**	32	197	229
Administrative	**5**	**9**	**14**	5	9	14
Total	**64**	**285**	**349**	38	206	244

(b) Staff at the end of the year does not differ materially from the average.

(c) Staff includes 6 handicapped persons hired as technicians in 2018 and 3 persons in 2017.

Notes forming part of the Financial Statements

(d) Detail of the balance of social charges in both years is as follows:

(Amount in : EUR)

	As of March 31, 2018	As of March 31, 2017
Social charges		
Social Securiy charged to the company	**3.382.360**	2.714.449
Other social charges	**628.577**	580.196
Total	**4.010.937**	3.294.645

18. EXTERNAL SERVICES

(a) Detail of the balances by concepts is as follows:

(Amount in : EUR)

	As at March 31, 2018	As at March 31, 2017
External services		
Leases and mantenaince of facilities	**412.148**	407.202
External consultants	**134.677**	188.350
Travel expenses	**304.215**	300.833
Communications	**295.301**	212.057
Other expenses	**2.058.107**	1.239.038
Total	**3.204.448**	2.347.480

19. BALANCES AND TRANSACTIONS IN FOREIGN CURRENCIES

Detail of balances and transactions performed in foreign currency different from euros is as follows:

Transactions with related parties

(Amount in : EUR)

	US Dollar		GB Pound		Other currencies	
	31/03/2018	31/03/2017	**31/03/2018**	31/03/2017	**31/03/2018**	31/03/2017
Balance sheet						
Trade receivables and other debtors	**261.076**	179.821	**2.978.522**	2.787.000	**37.458**	13.854
Trade payables and other creditors	**1.059.958**	2.562.426	**862.330**	253.146	**75.940**	122.191
Cash and equivalents	**14.821**	15.345	**-**	-	**-**	-
Statement of profit and loss						
Services rendered	**950.063**	484.329	**2.649.672**	2.582.346	**103.598**	-
Works performed by other companies	**112.522**	134.217	**59.502**	6.401	**(658)**	(2.691)
Other services	**232.599**	383.699	**716.070**	218.582	**126.088**	83.458

20. INFORMATION ON DEFERRED PAYMENTS TO SUPPLIERS. THIRD ADDITIONAL DISPOSITION “COMMITMENT TO INFORM” LAW 15/2010, 5 JULY

(a) The detailed information to be presented related to payments delayed is as follows:

(Amount in : EUR)

	March 31, 2018	March 31, 2017
Average period of payments to suppliers	**153 days**	103 days
Ratio of paid transactions	**42 days**	62 days
Ratio of Payable transactions	**216 days**	136 days
Total payments carried out	**7.431.193 euros**	8.239.107 euros
Total payments pending	**13.322.261 euros**	10.157.785 euros

(b) The excess in the average period of payments over the legal limit is explained because the payments are to those suppliers that are Group’s Companies and therefore, the payment to them is carried out depending of the availability of cash in the Company. Therefore, average period of payments to third parties is approximately 40 days.

21. OTHER COMMITMENTS AND CONTINGENCIES

The company does not have bank guarantees neither the directors know other material contingencies different to those from the leases.

22. INFORMATION RELATED TO THE DIRECTORS AND OTHER RELATED PARTIES

(a) In both years, the directors, all men, have not received any retribution for their functions in the company. Additionally, at the end of both years there were no balances pending with directors, neither the company has commitments for pensions or life insurances with old or current directors of the company.

(b) Accomplishing the article 229 of the Spanish Law of Capitalistic Companies, the Directors settle that they do not have any situation of conflict of interests with the activities carried out by the Company and also they do not own significant stakes in other companies with the same, similar or complementary activity to the social purpose neither execute functions in other companies different from those belonging to the TCS group.

(c) The top executive has received as salaries during the year ended on 31 March 2018 an amount of 188.093 euros and was 186.313 euros for the year ended on 31 March 2017.

23. ENVIRONMENTAL INFORMATION

At the end of the year, there are no significant assets dedicated to protection and improvement of the environment and no significant expenses of this nature have been incurred during the year. It is also estimated that no material contingency related to protection and improvement of environment exists, and hence it is not considered necessary to record any provisions in respect of risks and expenses for environmental reasons.

24. REMUNERATION TO THE AUDITORS

For the audit of the year ended as at 31 March 2018, the auditors have invoiced a fee of 7.350 euros and the audit fees for the prior year ended as at 31 March 2017 were also 7.350 euros.

25. SUBSEQUENT EVENTS

After the end of the year, no facts or circumstances that materially could affect to the annual accounts have arisen.

The present financial statements included from pages 1 to 27 above have been issued by the Board of Directors in Madrid, on 17 April 2018.

Surya Kant	**Ajoyendra Mukherjee**	**Pradeep Manohar Gaitonde**
President	Director	Director

TATA CONSULTANCY SERVICES (PORTUGAL), UNIPESSOAL, LDA.

FINANCIAL STATEMENTS

For the year ended
31 March 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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Registered Office

Hammerensgade 1, 2.
1267 Copenhagen
Central Business Registration No: 34465479

MANAGEMENT REPORT

Introduction

In accordance with what is stated in the by-laws and In accordance with the applicable requirements of the Commercial Companies Code, the Management of TATA CONSULTANCY SERVICES PORTUGAL, UNIP.LDA submits the MANAGEMENT REPORT for the year 2017 for consideration in the General Meeting of the Company.

Company Performance

The company's activity improved satisfactorily in 2017 and despite the challenges, the company improved its turnover in relation to the previous year, contributed due to the market expansion along with improved profitability of available human resources.

In fact, the company continues to achieve sustained growth in its activities.

The results obtained by the company in the current financial year were as per the estimates made, as better described in chapter "Analysis of economic and financial position of the Company".

We aim for the continuation of the company's growth on a sustainable basis, nevertheless taking into account the constant uncertainty of the evolution of the markets.

Analysis of Economic and financial position of the Company

The comparative situation of the various company indicators is shown in the following table:

Economic and financial position

	2015	2016	2017
Sales	3,022,270	2,722,329	**3,375,767**
Income before Tax	(408,582)	(100,033)	**855,180**
net income	(434,502)	(123,681)	**779,845**
Current assets	2,403,544	2,525,620	**1,945,110**
Non-current Assets	15,200	15,282	**10,156**
TOTAL ASSETS	2,418,744	2,540,902	**1,955,266**
TOTAL EQUITY	(1,666,760)	(1,790,441)	**(1,010,596)**
TOTAL LIABILITIES	4,085,504	4,331,343	**2,965,862**
TOTAL LABILTY AND EQUITY	2,418,743	2,540,902	**1,955,266**
Number of employees	24	26	**17**
Employee Expenses	1,357,321	1,390,066	**1,024,746**

Analysis of Economic and financial position of the Company- Impacts

The 2017 fiscal year was influenced by the increase in sales volume, from 2,722,329 euros in 2016 to 3,375,767 euros at the year to which this report concerns.

This situation has positively impacted the operating and current results, as compared to the previous year. In 2017, the company proved to be self-sufficient to meet its cash requirements, and did not resort to Banks for financial operations.

The financial stability of the company is impacted by the accumulation of consecutive negative results, as follows:

Indicators

Indicator	2015	2016	**2017**
Financial autonomy	(68.91%)	(71.63%)	**(51.69%)**
Solvency	(40.80%)	(41.74%)	**(34.07%)**

At present, current liabilities exceed current assets and, as a result of losses incurred on developed projects. In the past, the company has a negative Equity of approximately 1,010,596 euros, a situation that determines the application of the provisions of articles 35 and 171of the Commercial Companies Code (CSC).In view of the above and in the light of the improving net equity, and given the fact that 77% of Balance liabilities refer to Group companies, the activities of the company will continue. The company will be provided with all the necessary mechanisms to ensure the continuity of operations, the realization of its assets and the settlement of its liabilities, in the normal course of its operations.

We draw attention to the above mentioned terms of the Law (Article 35 of the CSC), which stipulate that "managers must immediately convene the General Meeting in order to inform the members about the situation and to take the necessary measures" for the recapitalization of the society.

Human resources

With regard to the employees, in 2017, the company rationalized the existing jobs in the commercial department in the previous year

Market Conditions

As in the previous year, the price levels practiced by the Company in 2017 were maintained by the consideration to maintain the quality of services, which will enable sustained growth for the coming years. The market for our services has been characterized as quite competitive. Despite the increase in competition, with very low prices, the quality of TATA CONSULTANCY SERVICES PORTUGAL, UNIP. LDA. services together with the seriousness with which the company operates, has allowed us to continue to improve the trust and dedication of our current customers and to increase their number and quality.

Communication and Image

In the perspective of the increase in sales volume, during the year 2017 and in order to increase the aggressiveness in the market, TATA CONSULTANCY SERVICES PORTUGAL, UNIP.LDA was present preferably in international magazines.

Investments

The direct investment in 2017 was 2,162 euros. Two monitors and a printer were acquired as tangible fixed assets.

Relevant subsequent events

After the end of the year and up to the present date, there have been no subsequent events leading to adjustments and / or disclosure in the accounts for the year.

Business Forecast

Management believes that the results obtained at all levels by the company reinforces its stability both in economic and financial terms and in terms of the current market share.

The analysis of the evolution of the activity in the first months of next year prospects, provides support to the continuation of current year trends for the business going forward

It is considered that the company has adequate facilities to manage with the desirable growth in revenues. However, in view of the continuing recession, it is challenging to estimate the business growth.

Proposal for profit appropriation

Management proposes that the net profit for 2017,in the amount of 779,845 Euros, should be transferred to the Retained Earnings account.

Final note

To the Companies and Entities that honored us with their preference, we thank the trust shown, which was an important incentive and compensation for the efforts assumed by those who work in this Company.

To all the employees who contributed to the company's performance, with its professionalism and dedication, the Management expresses its gratitude.

Miraflores, April, 17 2018

The Management

STATUTORY AUDIT REPORT

(Translation of a report originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of TATA Consultancy Services (Portugal), Unipessoal, Lda. (the Entity), which comprise the balance sheet as at 31 March 2018 (which shows total assets of Euro 1,955,266 and total negative shareholders' equity of Euro 1,010,596 including a net profit of Euro 779,845), the statement of income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of TATA Consultancy Services (Portugal), Unipessoal, Lda.as at 31 March 2018, and its financial performance and its cash flows for the year then ended, in accordance with generally accepted accounting principles In Portugal.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of the Entity and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

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 of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with the with generally accepted accounting principles in Portugal.
- the preparation of the Management' Report, in accordance with the applicable law and regulations;
- the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of appropriate accounting policies and criteria;
- the assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is 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 Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory board, 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;

Our responsibility also includes verifying that the information included in the Management' report is consistent with the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Management's report

In compliance with paragraph 3 e) of article No. 451of the Portuguese Company Law, It Is our understanding that the Management's report has been prepared in accordance with applicable requirements of the law and regulation, that the Information included In the Management' report is consistent with the audited financial statements and, taking Into account the knowledge and assessment about the Entity, no material misstatements were Identified.

Lisbon, April, 17 2018

RSM & Associados- Sroc, Lda

Represented by Joaqulm Patricio da Silva (ROC no 320)

Balance Sheet as of March 31, 2018 and 2017

(Translated from the Portuguese original – Note 25) **(Amounts expressed in Euros)**

	Note	March 31, 2018	March 31, 2017
ASSETS			
Non-current assets:			
Tangible fixed assets	6	**4,278**	7,831
Other financial assets		**5,877**	7,451
		10,156	15,282
Current assets:			
Trade receivables	8	**801,639**	487,308
State and other public entities	15	**25,706**	20,434
Other receivables	8	**181,484**	12,359
Deferrals	10	**8,695**	11,178
Cash and bank deposits	4	**927,585**	1,994,340
		1,945,110	2,525,620
Total Assets		**1,955,266**	**2,540,902**
QUOTAHOLDERS' EQUITY AND LIABILITIES			
Quotaholders' equity:			
Quota capital	11	**5,500**	5,500
Legal reserves	11	**17,574**	17,574
Other reserves	11	**2,642,904**	2,642,904
Retained earnings/(losses)		**(4,456,419)**	(4,332,738)
		(1,790,441)	(1,666,760)
Net profit/(loss) for the year		**779,845**	(123,681)
Total quotaholders' equity		**(1,010,596)**	**(1,790,441)**
Liabilities			
Non-current liabilities			
Provisions	20	**377**	-
		377	-
Current liabilities			
Suppliers	14	**2,237,467**	3,759,019
State and other public entities	15	**183,763**	143,933
Other payables	13	**505,677**	423,566
Deferrals	10	**38,578**	4,825
		2,965,485	4,331,343
Total liabilities		**2,965,862**	**4,331,343**
Total Quotaholders' equity and Liabilities		**1,955,266**	**2,540,902**

The accompanying notes form an integral part of the balance sheet as of March 31, 2018.

THE CERTIFIED ACCOUNTANT MANAGEMENT

Statements of Profit and Loss by Nature for the Years Ended March 31, 2018 and 2017

(Translated from the Portuguese original – Note 25) **(Amounts expressed in Euros)**

EARNINGS AND LOSSES	Note	March 31, 2018	March 31, 2017
Services rendered	17	**3,375,767**	2,722,329
Subsidies		**-**	-
Supplies and services	18	**(1,496,594)**	(1,401,993)
Payroll expenses	19	**(1,024,746)**	(1,390,066)
Accounts receivable impairment losses	8	**(3,769)**	1,049
Provisions	20	**(377)**	-
Other operating income	21	**18,269**	13,025
Other operating expenses	22	**(7,818)**	(36,995)
Net profit/(loss) before depreciation, financial expresnes and taxes		**860,732**	(92,651)
Amortization and depreciation	6	**(5,552)**	(7,383)
Operating profit (before financial expenses and income taxes)		**855,180**	(100,033)
Net profit/(loss) before income tax		**855,180**	(100,033)
Corporate income tax for the year	7	**(75,335)**	(23,648)
Net profit/(loss) for the year		**779,845**	(123,681)

The accompanying notes form an integral part of the statement of profit and loss by nature for the year ended March 31, 2018.

THE CERTIFIED ACCOUNTANT MANAGEMENT

Statements of Changes in Quotaholders' Equity for the Years Ended March 31, 2018 and 2017

(Translated from the Portuguese original – Note 25) **(Amounts expressed in Euros)**

	Note	Quota capital	Legal reserve	Other reserves	Retained earnings/(losses)	Net profit/(loss) for the year	Total
Balance as of March 31, 2016		5,500	17,574	2,642,904	(3,898,236)	(434,502)	(1,666,760)
Net loss for the year		-	-	-	-	(123,681)	(123,681)
Appropriation of 2016 results:							
Transfer to retained earnings/(losses)	11	-	-		(434,502)	434,502	-
Balance as of March 31, 2017		5,500	17,574	2,642,904	(4,332,738)	(123,681)	(1,790,441)
Net loss for the year		**-**	**-**	**-**	**-**	**779,845**	**779,845**
Appropriation of 2017 results:							
Transfer to retained earnings/(losses)	11	**-**	**-**	**-**	**(123,681)**	**123,681**	**-**
Balance as of March 31, 2018		**5,500**	**17,574**	**2,642,904**	**(4,456,419)**	**779,845**	**(1,010,596)**

The accompanying notes form an integral part of the statement of changes in quotaholders' equity for the year ended March 31, 2018.

THE CERTIFIED ACCOUNTANT MANAGEMENT

Statements of Cash Flows for the Years Ended March 31, 2018 and 2017

(Translated from the Portuguese original – Note 25) **(Amounts expressed in Euros)**

	Notes	March 31, 2018	March 31, 2017
OPERATING ACTIVITIES:			
Received from clients		**3,441,469**	3,814,619
Paid to suppliers		**(3,067,856)**	(1,219,163)
Paid to employees		**(1,046,385)**	(1,381,161)
Net cash from operations		**(672,772)**	1,214,295
Income tax (paid) / received		**(28,920)**	(32,767)
Other (payments) / receipts relating to operating activities		**(364,277)**	(499,953)
Net cash provided by operating activities [1]		**(1,065,969)**	681,575
INVESTING ACTIVITIES:			
Receipts relating to:			
Financial investments		**4,455**	-
		4,455	-
Payments relating to:			
Tangible fixed assets	6	**(2,162)**	(4,767)
Other financial assets		**(3,078)**	(3,593)
		(5,240)	(8,360)
Net cash used by investing activities [2]		**(786)**	(8,360)
Variation in cash and cash equivalents ([3] = [1] + [2]		**(1,066,755)**	673,215
Cash and cash equivalents at the beginning of the year	4	**1,994,340**	1,321,125
Cash and cash equivalents at the end of the year	4	**927,585**	1,994,340

The accompanying notes form an integral part of the statement of cash flows for the year ended March 31, 2018.

THE CERTIFIED ACCOUNTANT MANAGEMENT

Notes forming part of the Financial Statements

1. INTRODUCTORY NOTE

TATA Consultancy Services (Portugal), Unipessoal, Lda. ("The Company"), has its head office in Miraflores, was founded on July 4, 2005 and its corporate object consists on IT consultancy services.

The Company is included in TATA Group (whose mother company has its head office in India), which includes several companies with head office in Europe and Latin America, with which it has transactions related to the development of its operations (Note 16), so that its activity and results are influenced by decisions taken at group level.

These financial statements were approved by Management in April 17, 2018.

2. ACCOUNTING REFERENCE FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in compliance with the requirements in force in Portugal in accordance with Decree-Law 158/2009, of 13 July and the conceptual structure, replaced by Decree-Law 98/2015, of 2 June, interpretation standards and accounting and financial reporting standards ("NCRF"), contained in Notices 8254/2015, 8258/2015 and 8256/2015, which together make up the Portuguese Accounting Standards System ("Sistema de Normalização Contabilística" or "SNC"). These standards and interpretations are hereinafter referred to generally as "NCRF".

3. PRINCIPAL ACCOUNTING POLICIES

3.1. Bases of presentation

The accompanying financial statements were prepared on a going concern basis as from the Company's accounting records, in accordance with NCRF.

To date, current liabilities exceed current assets and, as result of incurred losses with developed projects, the company presents a negative equity amounting to, approximately, 1,010,596 Euros, situation that determines the application of the dispositions of Articles 35 and 171 of the Commercial Company's Code ("Código das Sociedades Comerciais"). Consequently, the quotaholders are committed to provide the Company with all the needs to ensure the ability to continue on a going concern basis, the realization of its assets and the settlement of its liabilities, in the normal course of its operations, that depend on the financial support of its quotaholder, as well as on the success of the Company's future operations.

3.2. Tangible fixed assets

Tangible fixed assets are initially recorded at acquisition cost, which includes the purchase cost and any other direct expenses to put the assets in the location and conditions needed to operate in the intended manner and, when applicable, the initial estimates of dismantling and removing assets and restoration of the places of installation/ operation of the assets that the Company expects to incur.

Depreciations are recognised after the asset is available for use, in a straight-line basis, according to its estimated useful life for each group of assets.

Useful life's are, as follows:

	Years
Administrative equipment	3 to 8

Useful life and the depreciation method are revised on an annual basis. The effect of any change is recognised prospectively in the statement of profit and loss.

Costs of maintenance and repair (subsequent expenditure) that are not likely to generate future economic benefits are recorded as expenses in the period they are incurred on.

The gain (or loss) on disposal or write-off of a plant and equipment is determined as the difference between the amount received in the transaction and the amount of the asset and is recognized in the period in which it occurs.

3.3. Income tax

Income tax for the year consists of current tax and deferred tax. Current tax and deferred tax are recognized in the statement of profit and loss, except when they are related with items recorded directly in equity. In such cases current and deferred tax are also recorded in equity.

Income tax for the period is calculated based on the Company's taxable results. The taxable income differs from the accounting profit or loss, as it excludes several costs and earnings that are deductible or taxable in other years. Taxable income also excludes costs and earnings that will never be deductible or taxable, according to tax rules in force.

Deferred tax relates to the temporary differences between assets and liabilities for accounting and tax purposes.

Deferred tax liabilities are recorded for all taxable temporary differences.

Deferred tax assets are recorded for deductible temporary differences, only when there is reasonable expectation of sufficient future taxable income to use them. Temporary differences underlying deferred tax assets are reviewed at each balance sheet date in order to recognise or adjust them based on the current expectation of their future recovery.

Deferred tax assets and liabilities are calculated and assessed annually using the tax rates expected to be in force when the temporary differences reverse.

The compensation between deferred tax assets and liabilities is only allowed when: (i) the Company has the legal right to do the compensation between this assets and liabilities for liquidating purposes; (ii) those assets and liabilities relate to income tax of the same fiscal authority; and (iii) the Company has the intention of compensating for liquidation purposes.

3.4. Financial assets and liabilities

Financial assets and liabilities are recorded in the balance sheet when the Company becomes part of the correspondent arrangements, as established by NCRF 27 – Financial Instruments.

Financial assets and liabilities at cost or at amortised cost

The financial assets and liabilities are measured at cost or at amortised cost net of accumulated impairment losses (in the case of financial assets) when:

- The maturity is defined; and
- They have a fix or determinate repayment; and
- They do not constitute or incorporate a derivative financial instrument.

The amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus a cumulative amortisation, using the effective interest method, of any difference between the original amount and the amount at the maturity date. The effective interest rate is the rate that discounts cash flows associated with the financial instrument net carrying amount.

Assets and liabilities at cost or at amortised cost net of accumulated impairment losses include, namely:

- Trade receivables;
- Other receivables;
- Suppliers;
- Other payables;
- Group companies.

Cash and cash equivalents

"Cash and cash equivalents" includes cash, bank deposits and term deposits with maturity up to three months and that can be demanded immediately with insignificant risk of losses.

Trade receivables and other receivables

Trade receivables and other receivables are recorded at cost or amortised cost net of eventual impairment losses. Generally, the amortised cost of these assets doesn't differ from its nominal value.

Suppliers and other payables

Suppliers and other payables are recorded at cost or amortised cost.

Generally, the amortised cost of these liabilities doesn't differ from its nominal value.

Notes forming part of the Financial Statements

Impairment of financial assets

Financial assets classified "at cost or at amortised cost" are tested for impairment at each reporting date. Such financial assets are impaired when there is objective evidence that, as a result of one or more events after their initial recognition, their estimated future cash flows are negatively affected.

For financial assets measured at amortised cost, the impairment loss recognised corresponds to the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the respective original effective interest rate.

For financial assets measured at cost, the impairment loss recognised corresponds to the difference between the asset's carrying amount and the best estimate of the fair value of the asset.

Impairment losses are recognized in the statement of profit and loss in the period in which they are determined.

Subsequently, if the amount of the impairment loss decreases and such reduction can be objectively related to an event that took place after the recognition of that loss, it is reversed through the statement of profit and loss. The reversal shall be effected within the limits of the amount that would be recognized (amortised cost) if the loss had not been initially accounted for. Reversal of impairment losses are recognized in the statement of profit and loss.

Derecognition of financial assets and liabilities

The Company derecognizes the financial assets only when the contractual rights to receive the cash flows expire, or when the financial assets and the risks and rewards of its ownership are transferred to other entity. The Company derecognizes the financial assets transferred, when transfer of control occurs, even if some significant risks and rewards are retained.

The Company derecognizes financial liabilities only when the corresponding obligation specified in the contract is either discharged, cancelled or expires.

3.5. Foreign currency balances and transactions

Transactions in foreign currency (different from functional currency) are recorded at the exchange rate of the transaction date. At each reporting date, the foreign currency monetary items are translated at the exchange rate of that date.

Exchange gains and losses arising from differences between the historical exchange rates and those prevailing at the date of collection, payment or at the reporting date are recorded in the statement of profit and loss for the period.

3.6. Provisions and contingent assets and liabilities

Provisions

Provisions are recognized when there is a present legal or implied obligation resulting from a past event, the resolution of which will probably require expending internal resources, the amount of which can be reasonably estimated.

The amount recorded in provisions is the present value of the best estimate at the reporting date, needed to settle the obligation. The estimate is determined based on risks and uncertainties related to the obligation. The amount of provisions is reviewed and adjusted at each reporting date so as to reflect the best estimate at that time.

Contingent liabilities

Contingent liabilities are not recorded in the financial statements, but are disclosed when the possibility of outflows of resources including economic benefits is not remote.

Contingent assets

Contingent assets are not recorded in the financial statements, but are disclosed when economic future inflows of resources are likely to occur.

3.7. Revenue

Revenue is measured at fair value of the compensation received or to be received. Revenue to be recorded is offset of the estimated discounts and other rebates.

Revenue provided by rendered services (projects) is recognised according to the stage of completion method of the transaction/service at the financial position date, subject to the following conditions:

- The amount of revenue can be measured reliably;
- It is probable that future economic benefits flow to the Company; and
- Incurred cost or costs to be incurred with transactions can be measured reliably.

3.8. Accruals basis

Costs and earnings are recorded in the period to which they relate, independently of the date they are paid or received. Costs and earnings for which the real value is not known are estimated.

Costs and earnings attributed to the current period and which expenses and revenues will occur in future periods as well as costs and earnings that have already occurred but that respect to future periods are recorded as assets or liabilities.

3.9. Leases

As of March 31, 2018 and 2017, the Company has long term lease contracts, which, due to their characteristics, according to NCRF 9 – Leases, taking into account the substance over form principle, are recognized in the financial statements as operational leases. Payments of operational leases are recorded as costs in a straight line basis during the period of the lease.

3.10. Critical judgments/estimates in applying the accounting standards

In the preparation of the financial statements judgments, estimates and assumptions were made, that can affect the value of the assets and liabilities presented, as well as earnings and costs of the period.

These estimates are based on the best knowledge available at the time and on the actions planned, and are constantly revised based on the information available at the financial position date. However, situations can happen in subsequent periods which are not predictable at the time of the approval of the financial statements and thus, were not considered on those estimates. Changes in estimates that occur after the date of the financial statements will be corrected prospectively. For this reason and due to that uncertainty, real results can differ from the corresponding estimates.

The most significant estimates reflected in the financial statements refer to: (i) impairment analysis of receivables; (ii) revenue recognition of ongoing projects

3.11. Subsequent events

Events that occur after the balance sheet date that provide additional information on conditions that existed as of that date ("adjustable events") are reflected in the financial statements. Events that occur after the balance sheet date that provide information on conditions that exist after that date ("non-adjustable events"), if material, are disclosed in the notes to the financial statements.

4. CASH FLOWS

Cash and cash equivalents include cash and bank deposits immediately callable. Cash and cash equivalents as of March 31, 2018 and 2017, are detailed as follows:

(Amounts expressed in Euros)

	2018	2017
Bank deposits immediately callable	**927,585**	1,994,340
Cash and equivalents	**927,585**	1,994,340

5. ACCOUNTING POLICIES, CHANGES IN ESTIMATES AND ERRORS

In the year ended as of March 31, 2018, there were no changes in accounting policies in relation to those used in the year ended as of March 31, 2017, presented for comparative purposes, nor were material errors relating to prior years identified.

6. TANGIBLE FIXED ASSETS

During the years ended March 31, 2018 and 2017, the movements in tangible fixed assets, as well as in the respective accumulated depreciations and impairment losses, were as follows:

(Amounts expressed in Euros)

Administrative equipment	**2018**	2017
Gross assets:		
Beginning balance	**52,896**	49.021
Increases	**1,999**	3.875
Ending balance	**54,895**	52,896
Accumulated depreciation and impairment losses:		
Beginning balance	**45,065**	37,682
Depreciation of the year	**5,552**	7,383
Ending balance	**50,617**	45,065
Net assets	**4,278**	7,831

7. INCOME TAX

The Company is subject to corporate income tax, in accordance with article 87 of the Portuguese Corporate Income Tax Code ("IRC"), at the rate of 21%. This rate is increased up to a maximum of 1.5% of Municipal Surcharge.

For 2017, the nominal tax rate can vary between 22,5% and 29,5% depending on the determined taxable income, which will be taxable at the follow rates:

- IRC rate: 21% over taxable income;
- Municipal surcharge: 1,5% over taxable income;
- State surcharge: 3% over taxable income if 1,500,000 < taxable income <= 7,500,000 Euros, 5% over taxable income if 7,500,000 Euros < taxable income <= 35,000,000 Euros or 7% over taxable income if taxable income > 35,000,000 Euros.

In accordance with article 88 of the Portuguese Corporate Income Tax Code, the Company is also subject to autonomous taxation of certain expenses at the rates mentioned therein.

In accordance with applicable Portuguese legislation, income tax returns are subject to review and correction by the tax authorities for a period of four years (five years for social security) except where there are tax losses, tax benefits have been granted or there is litigation in progress where, depending on the circumstances, the period can be extended or suspended. Accordingly, the Company's tax returns for the years 2013 to 2017 are still subject to review. Management believes that possible corrections arising from inspections by the tax authorities of those tax returns will have not have a significant impact on the financial statements of March 31, 2018 and 2017.

As of March 31, 2018 and 2017, there were no temporary differences between accountant and tax in order to create deferred taxes in the financial statements.

Notes forming part of the Financial Statements

For the years ended March 31, 2018 and 2017, the tax rate reconciliation is as follows:

Reconciliation of the tax rate

(Amounts expressed in Euros)

	2018	2017
Profit / (Loss) before income tax	**855,180**	(100,033)
Nominal tax rate (<15,000)	**17.00%**	17.00%
Nominal tax rate (>15,000)	**21.00%**	21.00%
Municipal Tax	**1.50%**	1.50%
Expected income tax	**178,988**	(21,007)
Nominal tax rate	**20.93%**	21.00%
Profit / (Loss) before income tax	**855,180**	(100,033)
Permanent differences	**4,292**	1,418
Tax losses carried forward for which no deferred taxes were recorded	**(601,631)**	19,589
Profit for tax proposes	**257,841**	(79,026)
Income tax (<15,000)	**2,550**	0
Income tax (>15,000)	**50,997**	0
Municipal Tax	**12,892**	0
Autonomous taxation (a)	**8,896**	23,648
Total income tax (note 15)	**75,335**	23,648
Effective tax rate	**8.81%**	(23.64%)

(a) As of March 31, 2018 and 2017, this amount corresponds to the autonomous taxation of certain expenses.

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

As of March 31, 2018 and 2017, trade receivables and other receivables present the following composition:

(Amounts expressed in Euros)

	2018			2017		
	Gross Amount	**Impairment Losses**	**Net Amount**	Gross Amount	Impairment Losses	Net Amount
Current:						
Trade receivables	**816,771**	**(15,132)**	**801,639**	500,200	(12.892)	487,308
Other receivables	**181,484**	**-**	**181,484**	12,359	-	12.359
	998,255	**(15,132)**	**983,123**	512,559	(12.892)	499.667

As of March 31, 2018 and 2017, trade receivables include 129,914 Euros and 83,493 Euros, respectively, related with Group companies (Note 16).

For the years ended March 31, 2018 and 2017, movements occurred in impairment losses, were as follows:

	2018	2017
Beginning balance	**12,892**	13,281
Increase	**-**	-
Decrease	**-**	(1,049)
Effect of exchange rate adjustments	**2,240**	660
	15,132	12,892

As of March 31, 2018 the increase occurred refers to the record of foreign exchange differences for adjustments balances expressed on Dollars.

Notes forming part of the Financial Statements

Other receivables

As of March 31, 2018 and 2017, this caption was as follows:

	2018	2017
Accrued income:		
Unbilled services rendered	**174,997**	8,898
Other debtors	**6,487**	3,461
	181,484	12,359

As of March 31, 2018, other receivables included 169.357 Euros, related with Group companies (Note 16).

9. ADVANCES TO SUPPLIERS

As of March 31, 2018, there were no advances to suppliers.

10. DEFERRALS

As of March 31, 2018 and 2017, these captions were detailed as follows:

	2018	2017
Deferred assets:		
Supplies and services	**4,494**	7,553
Payroll expenses	**4,201**	3,625
	8,695	11,178
Deferred liabilities:		
Services rendered	**38,578**	4,825

As of March 31, 2018, and 2017, the deferred liabilities include 33.577 Euros and 600 Euros, respectively, related with Group companies (Note 16).

11. QUOTA CAPITAL AND RESERVES

As of March 31, 2018 and 2017, the Company's fully subscribed and paid up quota capital was made up of one quota with the nominal value of 5,500 Euros. As of those dates, quota capital was totally owned by TATA Consultancy Services España, S.A. (head office at Spain).

Legal reserve:

Portuguese legislation establishes that at least 5% of annual net profit must be appropriated to legal reserves until the reserve equals the statutory minimum requirement of 20% of quota capital. This reserve is not available for distribution, except in the case of liquidation of the Company, but may be used to absorb losses once other reserves and retained earnings have been exhausted.

Results application:

As approved at the General Shareholders' Meeting held on April 15, 2016, the results of the year ended on March 31, 2016, ware transferred to Retained earnings/(losses).

As approved at the General Shareholders' Meeting held on April 17, 2017, the results of the year ended on March 31, 2017, ware transferred to Retained earnings/(losses).

12. LEASES

Operating leases

As of March 31, 2018 and 2017, the Company has part of its operational lease contracts related to rented vehicles. The minimum non-cancellable lease payments as of March 31, 2018 and 2017, are as follows:

(Amounts expressed in Euros)

	2018	2017
Deferred assets:		
Until 1 year	**13,726**	3,728
Between 1 and 5 years	**34,176**	-
	47,902	3,728

13. OTHER PAYABLES

As of March 31, 2018 and 2017, the caption "Other payables" had the following composition:

	2018	2017
Accrued costs:		
Employees	**170,406**	203,152
Supplies and services	**29,482**	8,038
Bonuses	**56,580**	55,791
Audit	**6,283**	6,800
Credits to be granted	**3,432**	3,268
Subcont racts	**138,639**	44,604
Others	**62,138**	66,425
Other creditors	**38,717**	35,488
	505,677	423,566

As of March 31, 2018 and 2017 other payables included 19,087 Euros and 8,038 Euros, respectively, related with Group companies (Note 16).

14. SUPPLIERS

As of March 31, 2018 and 2017, the caption "Suppliers" was as follows:

	2018	2017
Suppliers, current account :		
Group companies (Note 16)	**2,222,738**	3,724,958
Other suppliers	**14,729**	34,061
	2,237,467	3,759,019

15. STATE AND OTHER PUBLIC ENTITIES

As of March 31, 2018 and 2017, the caption "State and other public entities" was as follows:

	2018	2017
Corporate income tax:		
Advances	**(25,706)**	(20,434)
Estimated tax (Note 7)	**75,335**	23,648
Withholding taxes	**-**	-
Personal income tax	**18,687**	27,693
Value Added Tax	**73,350**	67,383
Social Security Contributions	**16,391**	25,209
	158,057	123,499

Notes forming part of the Financial Statements

16. RELATED PARTIES

Transactions with related parties

During the years ended March 31, 2018 and 2017 transactions with related parties were as follows:

	2018		2017	
	Services rendered (Note 17)	Supplies and services (Note 18)	Services rendered (Note 17)	Supplies and services (Note 18)
Tata America Internacional Corporat ion	687,680	607	164,657	390
Tata Consultancy Services, Limited	-	632,288	14,494	693,492
Tata Consultancy de España, S.A.	(1,489)	7,102	1,843	-
Tata Consultancy Services Netherlands B.V.	141,696	6,926	166,002	-
Tata Consultancy Services France SAS	160,638	2,863	35,712	-
Tata Consultancy Services Deutschland GmbH	-	1,591	1,588	-
Tata Consultancy Services Sweden	-	1,665	-	-
Tata Consultancy Services Switzerland Ltd	-	1,766	-	-
Tata Consultancy Services Luxembourg SA	86,210	-	-	-
	1,074,735	654,808	384,295	693,882

Balances with related parties

As of March 31, 2018 and 2017, balances with related parties were as follows:

	2018				
	Trade receivables (Note 8)	Other receivables (Note 8)	Accrued expenses (Note 13)	Suppliers (Note 14)	Deferred income (Note 10)
Tata Consultancy de España, S.A.	3,332	-	1,326	1,728	-
Tata Consultancy Services Netherlands B.V.	4,594	-	3,476	3,886	-
Tata Consultancy Services Deutschland GmbH	-	-	969	5,777	-
Tata Consultancy Services France SAS	27,200	-	276	4,317	-
Tata Consultancy Services Luxembourg SA	21,771	23,064	-	-	-
Tata Consultancy Services Sweden	-	-	1,299	325	-
Tata America Internacional Corporat ion	73,017	146,293	134	1,248	33,577
Tata Consultancy Services Switzerland Ltd	-	-	-	1,751	-
Tata Consultancy Services, Limited	33,267	-	11,607	2,203,706	-
	163,181	169,357	19,087	2,222,738	33,577

Notes forming part of the Financial Statements

	2017				
	Trade receivables (Note 8)	Other receivables (Note 8)	Accrued expenses (Note 13)	Suppliers (Note 14)	Deferred income (Note 10)
Tata Consultancy de España, S.A.	1.843	-	-	2.265	-
Tata Consultancy Services Netherlands B.V.	9.500	-	-	436	-
Tata Consultancy Services Deutschland GmbH	-	-	247	2.449	-
Tata Consultancy Services France SAS	13.600	2.562	-	1.730	-
Tata America Internacional Corporat ion	28.191	-	89	799	600
Tata Consultancy Services, Limited	30.359	-	7.702	3.717.279	-
	83.493	2.562	8.038	3.724.958	600

17. RENDERED SERVICES

Rendered services by the Company during the years ended March 31, 2018 and 2017, were as follows:

	2018	2017
Internal market	**2,301,032**	2,338,034
External market (Note 16)	**1,074,735**	384,295
	3,375,767	2,722,329

As of March 31, 2018 and 2017 rendered services included 1,074,735 Euros and 384,295 Euros, respectively, related with Group companies (Note 16).

18. SUPPLIES AND SERVICES

The caption "Supplies and services" for the years ended March 31, 2018 and 2017, is made up as follows:

	2018	2017
Subcontracts	**1,159,649**	1,084,602
Fees	**230,293**	112,873
Rents and leases	**38,396**	78,169
Travel expenses	**4,911**	9,401
Specialized services	**33,201**	62,602
Communication	**4,155**	24,039
Others	**25,989**	30,307
	1,496,594	1,401,993

During the years ended March 31, 2018 and 2017, these captions included 654,808 Euros and 693,882 Euros, respectively, related to services rendered by Group companies (Note 16).

19. PAYROLL EXPENSES

The caption "Payroll expenses" of the years ended March 31, 2018 and 2017, was as follows:

	2018	2017
Staff remunerat ion	**782,887**	1,059,527
Bonuses	**21,990**	47,169
Social security charges	**172,526**	229,628
Others	**47,343**	53,742
	1,024,746	1,390,066

During the years ended March 31, 2018 and 2017, the average number of personnel was 17 and 26, respectively.

Notes forming part of the Financial Statements

20. PROVISIONS

In the years ended March 31, 2018 and 2017, movements occurred in caption "Provisions" were as follows:

	2018	2017
Opening balance	-	-
Increase	377	-
Decrease	-	-
	377	-

21. OTHER OPERATING INCOME

The composition of the caption "Other operating income" for the years ended March 31, 2018 and 2017, was as follows:

	2018	2017
Foreign exchange rate gains	18,167	11,475
Others	102	1,550
	18,269	13,025

22. OTHER OPERATING EXPENSES

The composition of caption "Other operating expenses" for the years ended March 31, 2018 and 2017, was as follows:

	2018	2017
Foreign exchange rate gains	7,295	31,353
Others	523	5,642
	7,818	36,995

23. SUBSEQUENT EVENTS

After the balance sheet date, no events were identified that should change the presented financial statements, nor that should be disclosed.

24. RISKS

Credit risks

The company is exposed to credit risk related with the possibility of the other part failing to comply with contractual obligations, resulting in losses relating to assets fulfilment.

Credit risk is mainly related with receivables, as a result of the Company´s operations, namely data-processing consultancy rendered services to its clients.

This risk is monitored, on a regular basis, with the objective of:

- limit credit granted to clients, considering the profile and age of account receivables;
- monitor the progress of granted credit level;
- analyze the recoverability of receivables on a regular basis.

Impairment losses for accounts receivable are calculated considering:

- analysis of aged accounts receivable;
- client risk's profile;
- clients' financial conditions.

As of March 31, 2016, Management is convicted that estimated impairment losses for accounts receivable are appropriately accounted for in the financial statements.

25. NOTE ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally prepared in Portuguese in conformity with Portuguese legislation and following generally accepted accounting principles in Portugal. In the event of discrepancies, the Portuguese language version prevails.

THE CERTIFIED ACCOUNTANT MANAGEMENT

Tata Consultancy Services Saudi Arabia Company

(A Foreign Limited Liability Company)

FINANCIAL STATEMENTS

For the year ended 31 March 2018

(Company Registration number : 1010435987)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
TATA CONSULTANCY SERVICES SAUDI ARABIA COMPANY
(A FOREIGN LIMITED LIABILITY COMPANY)
RIYADH, KINGDOM OF SAUDI ARABIA OPINION

Opinion

We have audited the financial statements of Tata Consultancy Services Saudi Arabia Company ("the Company") which comprise the statement of financial position as at March 31, 2018, 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 March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 Auditors' 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.

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 IFRS 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 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 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 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 of Tata Consultancy Services Saudi Arabia Company.

For KPMG Al Fozan & Partners

Certified Public Accountants

Tareq Abdulrahman Al Sunaid
License No: 419
Al Khobar, May 21, 2018G
Corresponding to: Ramadan 06, 1439H

Statement of Financial Position
As at March 31, 2018, March 31, 2017 and April 1, 2016

(All amounts in Saudi Riyals unless otherwise stated)

(Amount in : SR)

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS:				
Current assets:				
Cash and cash equivalents	4	**25,198,054**	22,261,810	3,750,000
Trade receivables	5	**58,494,574**	51,227,827	-
Other financial assets	6(a)	**337,077**	19,000	-
Unbilled revenues		**137,621**	-	-
Other assets	7	**9,228,260**	14,076,165	-
Total current assets		**93,395,586**	87,584,802	3,750,000
Non-current assets:				
Property, plant and equipment	8	**6,190,094**	8,231,506	-
Other financial assets	6(b)	**-**	124,320	-
Deferred tax assets (net)	17	**2,076,897**	1,714,771	-
Total non-current assets		**8,266,991**	10,070,597	-
TOTAL ASSETS		**101,662,577**	97,655,399	3,750,000
LIABILITIES AND EQUITY:				
Liabilities:				
Current liabilities:				
Trade and other payables	9	**27,911,825**	54,151,759	15,000
Borrowings	10(a)	**894,359**	1,088,868	-
Unearned and deferred revenue		**33,187**	-	-
Employee benefit obligations	11(a)	**4,155,939**	4,293,622	-
Income tax payable (net)	17	**2,806,030**	5,531,645	-
Other liabilities	12	**979,122**	38,304	-
Total current liabilities		**36,780,462**	65,104,198	15,000
Non-current liabilities:				
Borrowings	10(b)	**1,786,371**	2,680,731	-
Employee benefit obligations	11(b)	**2,582,520**	1,967,781	-
Total non-current liabilities		**4,368,891**	4,648,512	-
TOTAL LIABILITIES		**41,149,353**	69,752,710	15,000
Shareholder's equity :				
Share Captial	13	**3,750,000**	3,750,000	3,750,000
Retained earnings		**54,888,224**	22,277,689	(15,000)
Statuary reserve	13	**1,875,000**	1,875,000	-
Total shareholder's equity		**60,513,224**	27,902,689	3,735,000
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**101,662,577**	97,655,399	3,750,000

See accompanying notes forming part of the Financial Statements

Statement of Profit or Loss and Other Comprehensive Income
For the years ended March 31, 2018 and March 31, 2017

(All amounts in Saudi Riyals unless otherwise stated)

(Amount in : SR)

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from information technology services		**200,093,152**	186,901,895
Operating expenses:			
Employee cost		**118,470,532**	117,684,911
Other operating expenses	14	**37,683,801**	35,789,238
Depreciation	8	**2,912,961**	2,819,025
Total operating expenses		**159,067,294**	156,293,174
Operating profit		**41,025,858**	30,608,721
Other (expense)/ income			
Other non-operating loss, net:	15	**(148,779)**	(146,123)
Finance costs	16	**(292,698)**	(1,183,483)
Other expense		**(441,477)**	(1,329,606)
Profit before Taxes		**40,584,381**	29,279,115
Income tax expense	17	**8,868,762**	5,111,426
Profit for the year		**31,715,619**	24,167,689
Other comprehensive income / (losses), net of taxes:			
Items that will not be reclassified subsequently to profit or loss			
Gain on remeasurement of defined employee benefit plans		**894,916**	-
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES), NET OF TAXES		**894,916**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**32,610,535**	24,167,689

See accompanying notes forming part of the Financial Statements

Statements of Changes in Shareholders' Equity
For the years ended March 31, 2018, March 31, 2017 and April 1, 2016

(All amounts in Saudi Riyals unless otherwise stated)

(Amount in : SR)

	Number of shares	Equity share capital	Retained earnings	Statutary reserves	Total equity
Balance as at April 1, 2016	1,000	3,750,000	(15,000)	-	3,735,000
Profit for the year	-	-	24,167,689	-	24,167,689
Transferred to statutory reserve (Note 2(p))	-	-	(1,875,000)	1,875,000	-
Balance as at March 31, 2017	1,000	3,750,000	22,277,689	1,875,000	27,902,689
Profit for the year	**-**	**-**	**31,715,619**	**-**	**31,715,619**
Other comprehensive income	**-**	**-**	**894,916**	**-**	**894,916**
Total comprehensive income	**-**	**-**	**32,610,535**	**-**	**32,610,535**
Balance as at March 31, 2018	**1,000**	**3,750,000**	**54,888,224**	**1,875,000**	**60,513,224**

See accompanying notes forming part of the Financial Statements

Statements of Cash Flows
For the years ended March 31, 2018 and March 31, 2017

(All amounts in Saudi Riyals unless otherwise stated)

(Amount in : SR)

	Notes	**For Year ended March 31, 2018**	For Year ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year		**31,715,619**	24,167,689
Adjustment to reconcile profit or loss to net cash provided by operating activities:			
Depreciation	8	**2,912,961**	2,819,025
Income tax expense	17	**8,868,762**	5,111,426
Finance cost	16	**292,698**	1,183,483
Net change in working capital			
Trade receivables		**(7,266,747)**	(51,227,827)
Other financial assets		**(193,757)**	(143,320)
Unbilled revenues		**(137,621)**	-
Other assets		**4,847,905**	(14,076,165)
Trade and other payables		**(26,239,934)**	54,136,759
Unearned and deferred revenue		**33,187**	-
Employee benefit obligations		**1,595,701**	6,261,403
Other liabilities		**940,818**	38,304
Cash generated from operating activities		**17,369,592**	28,270,777
Taxes paid		**(12,180,232)**	(1,294,552)
Net cash generated from operating activities		**5,189,360**	26,976,225
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (includes CWIP)		**(871,549)**	(5,861,881)
Net cash used in investing activities		**(871,549)**	(5,861,881)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest on loans other than banks		**(1,366)**	(709,687)
Payment under finance lease		**(1,380,201)**	(1,892,847)
Net cash used in financing activities		**(1,381,567)**	(2,602,534)
Net change in cash and cash equivalents		**2,936,244**	18,511,810
Cash and cash equivalents, beginning of the year		**22,261,810**	3,750,000
Cash and cash equivalents, end of the year	4	**25,198,054**	22,261,810

See accompanying notes forming part of the Financial Statements

Notes forming part of the Financial Statements

1. BACKGROUND AND OPERATIONS

Tata Consultancy Services Saudi Arabia Company ("The Company") is a foreign limited liability company registered in the Kingdom of Saudi Arabia under commercial registration numbered 1010435987 dated 14 Shawwal 1436H (Corresponding to 30 July 2017)

The registered address of company is - Akaria Center II, office no 172, 7th floor, Olaya Road, P.O Box 300055, Riyadh - 11372, Kingdom of Saudi Arabia.

The company provides all services related to information technology and services include business process management, application support and maintenance services, infrastructure and its maintenance support, call center services relating to any industry or trade or application or domain services. The company's full service portfolio consist of activities related to software development , implementation, support and maintenance of any industry, trade, application, product, device, computer, microscopic including consulting, design and implementation of software, hardware for all these services processors, provide software and hardware consulting and information processing services.

The financial statements were approved by the Board of Directors and authorized for issue on dated Rajab-1439

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These financial statements have been prepared in accordance International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants. Up to and including the year ended 31 March 2017, the Company prepared its annual financial statements in accordance with Generally Accepted Accounting Standards as issued by Saudi Organization for Certified Public Accountants (SOCPA). These financial statements is the first IFRS annual financial statements, therefore IFRS 1 'First-time Adoption of International Financial Reporting Standards' that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants has been applied to prepare these financial statements. The reader must also take into account the explanations of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the company as provided in Note 3. The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented.

b. Basis of preparation

The financial statements have been prepared on historical cost basis.

c. Use of estimates and judgments

The estimates at date of transition to IFRS and as at the end of earliest reporting period presented are consistent with those made for the same dates in accordance with SOCPA (after adjustments to reflect any differences in accounting policies) apart from post-employment benefits where application of SOCPA did not require estimation.

The estimates used by the Company to present these amounts in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA reflect conditions at the date of transition to IFRS and as at the end of earliest reporting period presented.

The preparation of these financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented.

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

The key source of estimation uncertainty that have a risk of causing a material adjustment within the next financial year are useful lives of property and equipment, valuation of deferred tax assets provisions and contingent liabilities.

Useful lives of property and equipment

The Company reviews the carrying amount of property and equipment at the end of each reporting period. This reassessment may affect depreciation expense in future periods. The carrying amount of property and equipment as on March 31, 2018 was 6,190,094 (March 31, 2017 was 8,231,506).

Notes forming part of the Financial Statements

Employee benefits

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The policy has been explained under note 2(n)

Valuation of deferred tax assets

The company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy has been explained under note 2(h)

Provisions and contingent liabilities.

A provision is recognised when the company has a present obligation as a result of past event and it is probable than 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 and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation as at the date of the statement of financial position. These are reviewed at the end of each reporting period adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Percentage-of-completion

The company uses the percentage of completion method in accounting for part of its turnkey revenue. Use of the percentage of completion method requires the company to estimate the proportion of work performed to the date. Management considers that the percentage of cost is the most appropriate measure of determining the percentage of completion to arrive to the revenue amount to be recognised.

d. Revenue recognition

The Company earns revenues primarily from providing information technology and consultancy services, application development, IT Infrastructure management, including services under contracts for software development, implementation and other related services.

Revenue from bundled contracts that involve supplying computer equipment, licensing software and providing services is allocated separately for each element based on their fair values.

Revenues from contracts priced on a time and material basis is recognised as the services are rendered and as related costs are incurred.

Revenues from software development contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognised when probable. Revenues in excess of billings are recognised as unbilled revenues in the statement of financial position; to the extent billings are in excess of revenues recognised, the excess is reported as unearned and deferred revenue in the statements of financial position.

Revenues from business process services contracts priced on the basis of time and material or unit of delivery are recognised as services are rendered or the related obligation is performed.

Revenues from maintenance contracts are recognised on pro-rata basis over the period of contract.

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

Revenue is reported net of discounts and indirect taxes.

e. Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their nature in the following categories:

The costs of the Group are broadly categorised into employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid and staff welfare expenses. Other operating expenses mainly include fees to external consultants, facility expenses, travel expenses, cost of equipment and software licenses, communication expenses, bad debts and advances written off,

Notes forming part of the Financial Statements

allowance for doubtful trade receivables and advances (net) and other expenses. Other expenses is an aggregation of costs which are individually not material such as recruitment and training, entertainment, etc.

f. Foreign currency

The functional and reporting currency of Tata Consultancy Services Saudi Arabia Company is Saudi Riyal ("SR") . Foreign currency transactions are translated into functional currency at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated into the functional currency using exchange rates prevailing on the balance sheet date. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities are included in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rate prevailing on the date of statement of financial position.

g. Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. The company has received 253,094 in 2018 and 132,444 in 2017 from The Human Resources Development Fund.

h. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period. 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 unit intends to settle the asset and liability on a net basis.

The Company accounts for the deferred income taxes using the balance sheet approach. Deferred income taxes are provided for the differences between the tax base of assets and liabilities and their reported amounts in the financial statements.

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.

i. Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The Company classifies non-derivative financial liabilities into the following categories: financial liabilities at FVTPL and other financial liabilities.

Cash and cash equivalents

The company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

i. Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

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 in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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 offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

ii. Non-derivative financial assets – Measurement

Financial assets at FVTPL

A financial asset is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at FVTPL are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments , are recognised in other comprehensive income (OCI) and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

iii. Non-derivative financial liabilities – Measurement

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss. Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

j. Property, plant and equipment

Property and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. Depreciation is provided for property and equipment so as to expense the cost over their estimated useful lives as follows:

Type Of Asset	Method	Useful life (in years)
Computer equipment	Straight Line Method	4 years
Plant and machinery	Straight Line Method	10 years
Furniture and Fixtures	Straight Line Method	4 to 10 years
Office equipment	Straight Line Method	4 to 10 years
Electrical installations	Straight Line Method	4 to 10 years
Leasehold Improvements	Straight Line Method	lease term

Assets held under finance leases are depricated over the shorter of the lease term and their useful lives.

Depreciation is not recorded on capital work in progress until construction and installation are complete and the asset is ready for its intended use.

Notes forming part of the Financial Statements

k. Trade receivables

Accounts receivable are stated at original invoice amount, less any impairment for doubtful debts. An estimates for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

l. Trade and other payables

Liabilities are recognised for the amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

m. Impairment

Financial assets (Available for sale financial assets.)

When the fair value of available for sale financial asset decline below acquisition cost and there is objective evidence that the asset is impaired, cumulative gain or losses previously recognised in other comprehensive income are reclassified to income.

Non – financial assets

Tangible assets

Property and equipment 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 costs to sell and the value-in-use) is determined on an individual assets 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 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.

n. Employee benefits

Defined benefit plan

The Company operates a defined benefit plan for employees in accordance with Saudi Labor and Workman Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements for actuarial gains and losses are recognised in the statement of financial position with a corresponding credit to retained earnings through statement of other comprehensive income in the period in which they occur.

Remeasurements are not reclassified to consolidated statement of profit or loss in subsequent periods. Past service cost are recognised in consolidated statement of profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date the Company recognises related restructuring costs

Compensated absences

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 recognised as an actuarially determined liability at the present value of the obligation at the year end.

o. Leases

Finance lease

Assets taken on lease by the company in its capacity as lessee, where the company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Notes forming part of the Financial Statements

Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in the statement of comprehensive income.

p. Statutory reserve

In accordance with Saudi Arabian Regulations for Companies, the company must set aside 10% of its net income in each year until it has built up a reserve equal to 30% of its share capital. Pursuant to earlier regulation and its article of association the company created 50% reserve. The company will reverse it in next year. The reserve is not available for distribution.

q. Capital management

The Company's objective for capital management is to maximize 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 product and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated.

r. Recent Accounting Standards

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 15	Revenue from Contracts with Customers [1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration [2]
IFRS 16	Leases [2]
IFRS 9 (2014)	Financial Instruments[2]
IFRIC 23	Uncertainty over Income Tax Treatments [2]
Annual improvements — 2015-2017 cycle	IFRS 3 Business combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes, IAS 23 Borrowing costs2

1 Effective for annual periods beginning on or after January 1, 2018

2 Effective for annual periods beginning on or after January 1, 2019

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Company is evaluating the impact, if any, of this Standard on its financial statements.

The company has completed its evaluation of the possible impact of IFRS 15 over the past few quarters. The company will adopt IFRS 15 with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The company does not expect the impact of the adoption of the new standard to be material to its net income on an ongoing basis

Notes forming part of the Financial Statements

IFRIC 22- Foreign Currency Transactions and advance consideration

On December 8, 2016, the International Accounting Standards Board issued IFRIC 22 which clarifies the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact, if any, of IFRIC 22 on its financial statements.

IFRS 16- Leases

On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS16, Leases. IFRS16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. The impact of this standard on the financial statements will be evaluated.

IFRIC 23- Uncertainty over Income Tax Treatments

On June 7, 2017, the International Accounting Standards Board issued IFRIC 23 which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39

Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

  Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Notes forming part of the Financial Statements

The company is in the process of evaluating the impact of the new standard.

Annual improvements — 2015-2017 cycle
In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to

- IAS 12 Income Taxes — an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

3. EXPLANATION OF TRANSITION TO IFRS

For all periods up to and including the year ended 31 March 2017, Company prepared its financial statements based on the generally accepted accounting standards promulgated in Saudi Arabia by SOCPA.

The Company has prepared these financial statements in accordance with IFRS that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA applicable as at 31 March 2018, together with the comparative period data for the year ended 31 March 2017. In preparing financial statements, the Company's opening statement of financial position was prepared as at 1 April 2016, the Company's date of transition to IFRS that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA. This note explains the principal adjustments made by Company in adjusting its SOCPA financial statements for the year ended 31 March 2017.

i) Under SOCPA, the Company recognised costs relating to its employees' end of service benefits on an accrual basis. Under IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, costs relating to the employees' end of service benefits are recognised based on an actuarial valuation.

ii) Deferred tax assets has been accounted for in these financial statements for timing difference between the tax bases of assets and liabilities and their carrying amounts of financial reporting purposes at the reporting date

3.1 Reconciliation of the statement of financial position and equity as at 1st April,2016 (date of trensection to IFRS)

	Notes	As per SOPCA Accounting standared	Effect of IFRS transition	Reclassification	As per IFRS
ASSETS:					
Current assets:					
Cash and cash equivalents	4	3,750,000	-	-	3,750,000
Total non-current assets		3,750,000	-	-	3,750,000
TOTAL ASSETS		3,750,000	-	-	3,750,000
Liabilities:					
Current liabilities:					
Trade and other payables	9	15,000	-	-	15,000
Total current liabilities		15,000	-	-	15,000
TOTAL LIABILITIES		15,000	-	-	15,000
Shareholder's equity:					
Share Captial		3,750,000	-	-	3,750,000
Retained earnings		(15,000)	-	-	(15,000)
Total Shareholder's equity		3,735,000	-	-	3,735,000
Total liabilities and Shareholder's Equity		3,750,000	-	-	3,750,000

Notes forming part of the Financial Statements

3.2 Reconciliation of the statement of financial position and equity as at 31st Mar, 2017

	Notes	As per SOPCA Accounting standared	Effect of IFRS transition	Reclassification	As per IFRS
ASSETS:					
Current assets:					
Cash and cash equivalents	4	22,244,180	-	17,630	22,261,810
Trade receivables	5	66,759,423	-	(15,531,596)	51,227,827
Other financial assets	6(a)	-	-	19,000	19,000
Other assets	7	-	-	14,076,165	14,076,165
Total current assets		89,003,603	-	(1,418,801)	87,584,802
Non-current assets:					
Property, plant and equipment	8	8,231,506	-	-	8,231,506
Other financial assets	6(b)	-	-	124,320	124,320
Deferred tax assets (net)	17	-	1,714,771	-	1,714,771
Total non-current assets		8,231,506	1,714,771	124,320	10,070,597
TOTAL ASSETS		97,235,109	1,714,771	(1,294,481)	97,655,399
LIABILITIES AND EQUITY:					
Liabilities:					
Current liabilities:					
Trade and other payables	9	54,189,992	-	(38,233)	54,151,759
Borrowings	10(a)	1,088,868	-	-	1,088,868
Employee benefit obligations	11(a)	-	322,346	3,971,276	4,293,622
Income tax payable (net)	17	6,826,197	-	(1,294,552)	5,531,645
Other liabilities	12	-	-	38,304	38,304
Total current liabilities		62,105,057	322,346	2,676,795	65,104,198
Non-current liabilities:					-
Borrowings	10(b)	2,680,731	-	-	2,680,731
Employee benefit obligations	11(b)	8,412,808	(2,473,751)	(3,971,276)	1,967,781
Total non-current liabilities		11,093,539	(2,473,751)	(3,971,276)	4,648,512
TOTAL LIABILITIES		73,198,596	(2,151,405)	(1,294,481)	69,752,710
Shareholder's equity:					-
Share Capital	13	3,750,000	-	-	3,750,000
Retained earnings		18,411,513	3,866,176	-	22,277,689
Statuary reserve	13	1,875,000	-	-	1,875,000
Total Shareholder's equity		24,036,513	3,866,176	-	27,902,689
Total liabilities and Shareholder's Equity		97,235,109	1,714,771	(1,294,481)	97,655,399

Notes forming part of the Financial Statements

4. CASH & CASH EQUIVALENTS

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balance with bank	25,198,054	22,261,810	3,750,000
Total	**25,198,054**	22,261,810	3,750,000

5. TRADE RECEIVABLES

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade receivables*	58,494,574	51,227,827	-
Total	**58,494,574**	51,227,827	-

* Trade receivable include balance with related party refer note no - 20

	As at March 31, 2018	As at March 31, 2017
The aging of trade receivables is as follows:		
(i) Aging of neither past due nor impaired		
Less than 30 days	51,398,559	42,692,054
(ii) Aging of past due but not impaired		
30-60 days	2,264,026	3,398,803
61-90 days	1,021,166	1,219,664
91-180 days	2,522,436	2,036,647
181 to 365 Days	930,924	1,880,659
More than 365 days	357,463	
Total	**58,494,574**	51,227,827

6. OTHER FINANCIAL ASSETS

6a. Other financial assets - current

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Premises security deposit	141,450	-	-
Employee advances	185,039	19,000	-
Other financial asset	10,588	-	-
Total	**337,077**	19,000	-

6b. Other non current financial assets

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Premises security deposit	-	124,320	-
Total	**-**	124,320	-

7. OTHER CURRENT ASSETS

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Prepaid expenses	2,552,402	2,264,370	-
Advance to suppliers	206,686	1,671,698	-
Prepaid rent - others	6,469,172	10,140,097	-
Total	**9,228,260**	14,076,165	-

Notes forming part of the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT

(Amount in : SR)

	Plant and machinery	Leasehold improve-ments	Computer equipments	Furniture and fixtures	Office equipments	Electrical installations	Total
Gross block as at April 1, 2017	**120,000**	**2,851,500**	**4,315,642**	**997,150**	**2,319,163**	**447,076**	**11,050,531**
Purchases	**-**	**-**	**202,956**	**-**	**1,200**	**663,243**	**867,399**
Gross block as at March 31, 2018	**120,000**	**2,851,500**	**4,518,598**	**997,150**	**2,320,363**	**1,110,319**	**11,917,930**
Accumulated depreciation as at April 1, 2017	**12,000**	**589,966**	**1,468,619**	**199,430**	**498,920**	**50,090**	**2,819,025**
Depreciation for the year	**12,000**	**589,965**	**1,487,756**	**199,430**	**507,395**	**116,415**	**2,912,961**
Accumulated depreciation as at March 31, 2018	**24,000**	**1,179,931**	**2,956,375**	**398,860**	**1,006,315**	**166,505**	**5,731,986**
Net carrying amount as at March 31, 2018	**96,000**	**1,671,569**	**1,562,223**	**598,290**	**1,314,048**	**943,814**	**6,185,944**
Capital work-in-progress							**4,150**
Total							**6,190,094**

	Plant and machinery	Leasehold improve-ments	Computer equipments	Furniture and fixtures	Office equipments	Electrical installations	Total
Gross block as at April 1, 2016	-	-	-	-	-	-	-
Purchases	120,000	2,851,500	4,315,642	997,150	2,319,163	447,076	11,050,531
Gross block as at March 31, 2017	120,000	2,851,500	4,315,642	997,150	2,319,163	447,076	11,050,531
Accumulated depreciation as at April 1, 2016							-
Depreciation for the year	12,000	589,966	1,468,619	199,430	498,920	50,090	2,819,025
Accumulated depreciation as at March 31, 2017	12,000	589,966	1,468,619	199,430	498,920	50,090	2,819,025
Net carrying amount as at March 31, 2017	108,000	2,261,534	2,847,023	797,720	1,820,243	396,986	8,231,506
Total							8,231,506

Net carrying amount of property, plant and equipment under finance lease arrangements were as follows:

	As at March 31, 2018	As at March 31, 2017
Improvements	**1,671,569**	2,261,534
Plant and machinery	**96,000**	108,000
Furniture and fixtures	**598,290**	797,720
Office equipment	**732,000**	976,000
Balance at end of the period	**3,097,859**	4,143,254

Notes forming part of the Financial Statements

9. TRADE AND OTHER PAYABLES

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade payables*	**25,507,154**	51,545,636	-
Accrued expenses	**2,404,671**	2,606,123	15,000
Total	**27,911,825**	54,151,759	15,000

* Trade payable include balance with related party refer note no - 20

10. BORROWINGS

10a. Borrowings - Current liability

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Finance Lease	**894,359**	1,088,868	-
Total	**894,359**	1,088,868	-

10b. Borrowings - Non Current liability

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Finance Lease	**1,786,371**	2,680,731	-
Total	**1,786,371**	2,680,731	-

Finance lease

The following is a schedule at future minimum lease payments under finance lease, together with the PV at the minimum lease payment as at March 31, 2018 & 2017.

(Amount in : SR)

The future minimum lease commitments for Finance leases	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017
	Minimum lease commitments	Present value at minimum lease commitments	Minimum lease commitments	Present value at minimum lease commitments
Due Within One year	**1,104,160**	**894,359**	1,380,200	1,088,868
Due in period between one year and five year	**1,932,280**	**1,786,371**	3,036,440	2,680,731
Total minimum lease commitments	**3,036,440**	**-**	4,416,640	-
Less: future finance charges - Input negative	**(355,710)**	**-**	(647,041)	-
Present value at minimum lease payments	**2,680,730**	**2,680,730**	3,769,599	3,769,599

Notes forming part of the Financial Statements

Operating lease

Operating lease rent expenses charged to profit and loss were 11,112,855 and 10,889,033 in 2018, and 2017, respectively.

The future minimum lease rental commitments under non-cancellable operating leases are as follows:

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017
Not later than one year	**15,199,684**	12,850,746
Later than one year but not later than five years	**9,209,581**	22,060,328
Total minimum lease commitments	**24,409,265**	34,911,074

11. EMPLOYEE BENEFITS:

11a. Employee benefit obligations - Current

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Compensated absences	**3,847,733**	4,169,957	-
Gratuity liability	**308,206**	123,665	-
Total	**4,155,939**	4,293,622	-

11b. Employee benefit obligations - Non-current

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Gratuity liability	**2,582,520**	1,967,781	-
Total	**2,582,520**	1,967,781	-

Defined benefit plans
Gratuity
In accordance with Saudi Labour Law, the Company operate a scheme at Gratuity which is a defined benefit plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination at employment at an amount equivalent to:-

For service more than 2 year and less than 5 year- 1/3 at retirement benefits

'For service more than 5 year and less than 10 year- 2/3 at retirement benefits

'For service more than 10 year - Full retirement benefits.

There is a vesting period of 2 year for the payment at end services benefit.

Notes forming part of the Financial Statements

The assumptions used in accounting for the defined benefit plan are set out below:

(Amount in : SR)

	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	**2.25%**	1.99%
Salary escalation rate	**6%**	6%
Attrition rate	**21.70%**	21.70%
Benefit obligations, beginning of the year	**2,091,446**	-
Service cost	**2,350,626**	2,165,590
Interest cost	**41,620**	-
Remeasurement of the net defined benefit liability	**(1,118,645)**	-
Benefits paid	**(474,321)**	(74,144)
	2,890,726	2,091,446

Sensitivity Analysis	Year ended March 31, 2018	Year ended March 31, 2017
Delta Effect of "+0.50" Change in Rate of Discounting	**(59,568)**	(45,718)
Delta Effect of "-0.50" Change in Rate of Discounting	**62,215**	48,121
Delta Effect of "+0.50" Change in Salary Escalation	**59,670**	46,031
Delta Effect of "-0.50" Change in Salary Escalation	**(57,395)**	(44,234)

12. OTHER LIABILITIES - CURRENT

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Indirect tax payable and other statutory liabilities	**979,122**	38,304	-
Total	**979,122**	38,304	-

13. AUTHORISED, ISSUED, SUBSCRIBE AND PAID UP SHARE CAPITAL

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	
Share Capital at @SR 3,750 (1,000 shares)	**3,750,000**	3,750,000	3,750,000	
	3,750,000	3,750,000	3,750,000	
Share holding	**Percentage**	**No of Share**	**Amount per share**	**Total**
Tata Consulatancy Services Netherlands B.V	**76%**	760	3,750	**2,850,000**
Saudi Desert Rose Holding B.V	**24%**	240	3,750	**900,000**
				3,750,000

The Share capital of Saudi 3,75,000 divided into 1000 Share @ 3,750 carry one vote per share and have right to dividend. 10% of the net profit shall be set aside as statutory reserve as per article (176) of the Companies Regulation, until it has built up a reserve equal to 30% of its share capital. The company has kept aside 50% as per its article of association. Remaining profit shall be distributed amongst the shares proportionately to their shareholding.

Notes forming part of the Financial Statements

14. OTHER OPERATING EXPENSES

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017
Communication	**2,369,882**	2,360,978
Facility expenses	**16,391,444**	16,092,128
Fees to external consultants	**295,334**	398,761
Project expense	**15,918,714**	12,983,380
Other expenses	**164,819**	808,215
Travel expenses	**2,543,608**	3,145,776
Total	**37,683,801**	35,789,238

15. OTHER NON-OPERATING INCOME,NET

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017
Net foreign exchange gains / (losses)	**148,779**	146,123
Total	**148,779**	146,123

16. FINANCE COSTS

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017
Interest on loans other than banks	**1,366**	709,687
Interest on obligations under finance leases	**291,332**	473,796
Total	**292,698**	1,183,483

17. INCOME TAX

The income tax expense consists of the following:

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017
Current Tax		
Current tax expense	**9,454,617**	6,826,197
Deferred tax expense	**(585,855)**	(1,714,771)
Total	**8,868,762**	5,111,426

The reconciliation of estimated income tax expense at The Saudi statutory income tax rate to income tax expense reported in statements of profit or loss and other comprehensive income is as follows:

Notes forming part of the Financial Statements

(Amount in : SR)

	As at March 31, 2018	As at March 31, 2017
Income before income taxes	**40,584,381**	29,279,115
Federal income tax rate	**20%**	20%
Expected income tax expense	**8,116,876**	5,855,823
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Prior period current tax	**759,076**	-
Prior period deferred tax	**(8,213)**	(331,596)
Tax effect due to remeasurement of employee benefit obligation	**-**	(416,266)
Unrealised exchange gain	**1,023**	6,465
Total income tax expense	**8,868,762**	5,114,426
Income Tax movement		
Opening tax liability	**5,531,645**	-
Provision for tax charged to profit & loss	**8,695,541**	6,826,197
Tax pertaining to last year	**759,076**	-
Advance tax paid	**(12,180,232)**	(1,294,552)
Net income tax liability	**2,806,030**	5,531,645

1. The Company has filed its income tax declaration for the years ended 31 March 2016 and 2017 with the General Authority of Zakat and Tax (GAZT). However, no assessment has been raised as yet by the GAZT.
2. We had requested the tax certificate for FY 18 after filing the tax return for FY 17, which had been issued by the GAZT in Oct 17 valid till July 2018.
3. There is no inspection from GAZT so far.

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

(Amount in : SR)

	Opening balance	Recognised / reversed through profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax assets / (liabilities) in relation to:				
Property, plant and equipment and Intangibles	**435,480**	**293,725**	**-**	**729,205**
Provision for Employee Benefits	**1,279,291**	**292,129**	**(223,729)**	**1,347,690**
Net Deferred tax assets /(liabilities)	**1,714,771**	**585,854**	**(223,729)**	**2,076,895**
Gross deferred tax assets and liabilities are as follows:		**Assets**	**Liabilities**	**Net**
Deferred tax assets / (relations) in relation to:		**-**		
Property, plant and equipment and Intangibles		**729,205**	**-**	**729,205**
Provision for Employee Benefits		**1,571,420**	**223,729**	**1,347,691**
Net Deffred tax assets /(liabilities)		**2,300,625**	**223,729**	**2,076,896**

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

Notes forming part of the Financial Statements

(Amount in : SR)

	Opening balance	Recognised / reversed through profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax assets / (relations) in relation to:				
Property, plant and equipment and Intangibles	-	435,480	-	435,480
Provision for Employee Benefits	-	1,279,291	-	1,279,291
Net deferred tax assets /(liabilities)	-	1,714,771	-	1,714,771
Gross deferred tax assets and liabilities are as follows:		Assets	Liabilities	Net
Deferred tax assets / (relations) in relation to:		-	-	-
Property, plant and equipment and Intangibles		435,480	-	435,480
Provision for Employee Benefits		1,279,291	-	1,279,291
Net deferred tax assets /(liabilities)		1,714,771	-	1,714,771

18. FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities

The fair values of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 approximate the carrying amounts because of the short-term nature.

The carrying value of financial instruments at

(Amount in : SR)

'March 31, 2018	**Cash and loans receivable**	**Financial liability**	**Total carrying**	**Total fair value**
Assets:				
Cash and cash equivalents	**25,198,054**	**-**	**25,198,054**	**25,198,054**
Trade receivables	**58,494,574**	**-**	**58,494,574**	**58,494,574**
Unbilled revenues	**137,621**	**-**	**137,621**	**137,621**
Other financial assets	**337,077**	**-**	**337,077**	**337,077**
	84,167,326	**-**	**84,167,326**	**84,167,326**
Liabilities:				
Trade payables	**-**	**27,911,825**	**27,911,825**	**27,911,825**
Borrowings	**-**	**2,680,730**	**2,680,730**	**2,680,730**
	-	**30,592,555**	**30,592,555**	**30,592,555**

The carrying value of financial instruments at

Notes forming part of the Financial Statements

(Amount in : SR)

March 31, 2017	Cash and loans receivable	Financial liability	Total carrying	Total fair value
Assets:				
Cash and cash equivalents	22,261,810	-	22,261,810	22,261,810
Trade receivables	51,227,827	-	51,227,827	51,227,827
Unbilled revenues	-	-	-	-
Other financial assets	143,320	-	143,320	143,320
	73,632,957	-	73,632,957	73,632,957
Liabilities:				
Trade payables	-	54,151,759	54,151,759	54,151,759
Borrowings	-	3,769,599	3,769,599	3,769,599
	-	57,921,358	57,921,358	57,921,358

(19) RISK MANAGEMENT

(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 analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was 84,167,326 and 73,632,957 as of March 31, 2018 and March 31, 2017, respectively being the total of the carrying amount of balance with bank, trade receivable, unbilled revenue, and other financial assets. Balance with bank with high credit ratings. As of March 31, 2018, there were no indications that any defaults will occur on trade receivable, unbilled revenues or other financial assets.

(b) Geographic Concentration of Credit Risk

The Company has a geographic concentration of trade receivables, net of allowances and unbilled revenue as given below:

	As of March 31, 2018	As of March 31, 2017
Saudi Arabia	**96%**	99%
Others	**4%**	1%

(c) 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 consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

Notes forming part of the Financial Statements

(Amount in : SR)

March 31, 2018	Due in 1st year	Due in 2nd to 5th year	Total
Non derivative financial instruments			
Trade and other payables	**27,911,825**	**-**	**27,911,825**
Total	**27,911,825**	**-**	**27,911,825**
March 31, 2017	Due in 1st year	Due in 2nd to 5th year	Total
Non derivative financial instruments			
Trade and other payables	54,151,759	-	54,151,759
Total	54,151,759	-	54,151,759

(d) Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rate may have potential impact on the statement of financial statement, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than functional currency of the company.

The risk primarily relate to fluctuation of USD Dollar and EUR. Financial assets denominated in USD - 32,860,721, in EUR - 151,408 (equivalent SR), financial liability denominated in USD - 18,120,222 (equivalent SR)

The management closely and continuously monitors the foreign currency exchange rate fluctuations. Based on its experience and market feedback, the management does not believe it is necessary to hedge the effect of foreign exchange risks as most of the transactions of foreign currency risk is relatively limited in the medium term.

(20) RELATED PARTY TRANSACTIONS

Tata Consultancy Services Saudi Arabia's principal related parties consist of its holding company Tata Consultancy services Netherlands B.V and its holding and subsidiaries, and its key managerial personnel. The company routinely enters into transactions with its related parties in the ordinary course of business.

Transactions with related parties

For the year ended March 31, 2018

(Amount in : SR)

Particulars	**With Tata Consultancy Services Limited, Parent of holding company (India)**	**With Tata Consultancy Services Netherlands B.V., Holding Company, (Netherlands)**	**With Tata Consultancy Services Italia., Subsidiary of holding Company, (Italy)**	**With Tata America international ltd., Fellow company of holding Company, (USA)**	**Total**
Revenue from sale of services and licenses	**2,441,584**	**-**	**151,409**	**692,944**	**3,285,937**
Purchases of goods and services	**30,356,652**	**-**	**-**	**-**	**30,356,652**
Total	**32,798,236**	**-**	**151,409**	**692,944**	**33,642,589**

For the year ended March 31, 2017

Notes forming part of the Financial Statements

(Amount in : SR)

Particulars	With Tata Consultancy Services Limited, Parent of holding company (India)	With Tata Consultancy Services Netherlands B.V., Holding Company, (Netherlands)	With Tata Consultancy Services Italia., Subsidiary of holding Company, (Italy)	With Tata America international ltd., Fellow company of holding Company, (USA)	Total
Revenue from sale of services and licenses	340,006	-	-	-	340,006
Interest Expense	-	709,687	-	-	709,687
Purchases of goods and services	26,299,632	-	-	-	26,299,632
Total	26,639,638	709,687	-	-	27,349,325

Balances with related parties

As at March 31, 2018

(Amount in : SR)

Particulars	**With Tata Consultancy Services Limited, Parent of holding company (India)**	**With Tata Consultancy Services Netherlands B.V., Holding Company, (Netherlands)**	**With Tata Consultancy Services Italia., Subsidiary of holding Company, (Italy)**	**With Tata America international ltd., Fellow company of holding Company, (USA)**	**Total**
Trade receivables	**2,809,651**	**-**	**151,409**	**-**	**2,961,060**
Trade payables	**25,642,112**	**-**	**-**	**-**	**25,642,112**
Unearned and deferred revenue	**4,032**	**-**	**-**	**-**	**4,032**
Unbilled revenue	**2,947**	**-**	**-**	**-**	**2,947**
Total	**28,458,742**	**-**	**151,409**	**-**	**28,610,151**

As at March 31, 2017

(Amount in : SR)

Particulars	With Tata Consultancy Services Limited, Parent of holding company (India)	With Tata Consultancy Services Netherlands B.V., Holding Company, (Netherlands)	With Tata Consultancy Services Italia., Subsidiary of holding Company, (Italy)	With Tata America international ltd., Fellow company of holding Company, (USA)	Total
Trade receivables	339,759	-	-	-	339,759
Trade Payables	51,545,083	-	-	-	51,545,083
Total	51,884,842	-	-	-	51,884,842

TATA CONSULTANCY SERVICES URUGUAY S.A.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the year ended
March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

CONTENT	**PAGE**

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF

TCS URUGUAY SA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TCS Uruguay S.A. ("the Company"), which comprise the statement of financial position as of March 31st 2018, the statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the position of the Company as of March 31st 2018, 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 ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

The Company's business is carried within the commercial strategy and operation framework set by the controlling entity. As mentioned in Note 19, the Company has significant transactions and maintains significant balances with related parties. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of TCS Uruguay S.A. as at and for the year ended March 31st 2017 were reviewed by another auditor and their report thereon, dated April 28th 2017, stated that nothing came to their attention that caused them to believe that financial statements were not presented fairly, in all material respects, in accordance with IFRS. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

Responsibilities of Those Charged with Governance for the Financial Statements

Those charged with governance are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as those charged with governance 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 company's 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 statement reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives here 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 either, 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 the audit and 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 the ones 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.

Montevideo, May 18, 2018

KPMG

Gabriela Cervieri
Partner

Statement of Financial Position as at March 31, 2018

(Amount in : Uruguayan Pesos)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS:			
Current assets:			
Cash and cash equivalents	4	**23.533.864**	18.349.183
Trade receivables	5	**67.400.080**	62.203.577
Unbilled revenue		**11.374.921**	4.497.792
Other financial assets	6	**-**	57.102.076
Other assets	7	**6.511.264**	19.922.356
Total current assets		**108.820.129**	162.074.984
Non-current assets:			
Investments	8	**73.145**	73.116
Other financial assets	6	**1.724.803**	14.550.380
Income tax assets (net)		**438.312**	-
Deferred tax assets	20	**-**	753.012
Property, plant and equipment	9	**164.682.186**	168.694.073
Total non-current assets		**166.918.446**	184.070.581
TOTAL ASSETS		**275.738.575**	346.145.565
LIABILITIES AND EQUITY:			
Liabilities:			
Current liabilities:			
Trade payables	11	**28.728.680**	34.090.936
Other financial liabilities	12	**252.431**	-
Unearned and deferred revenue		**13.767.666**	2.193.497
Employee benefit obligations	13	**59.232.942**	56.696.513
Income tax liabilities (net)		**-**	550.234
Provisions		**22.248**	91.915
Other liabilities	14	**12.494.558**	17.626.904
Total current liabilities		**114.498.525**	111.249.999
Non-current liabilities:			
Other liabilities	14	**1.756.569**	-
Total non-current liabilities		**1.756.569**	-
TOTAL LIABILITIES		**116.255.094**	111.249.999
Equity:	10		
Share capital		**540.000**	540.000
Legal reserve		**108.000**	108.000
Other equity		**(2.069.390)**	(2.445.624)
Retained Earnings		**160.904.871**	236.693.190
TOTAL EQUITY		**159.483.481**	234.895.566
TOTAL LIABILITIES AND EQUITY		**275.738.575**	346.145.565

See accompanying notes forming part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income for the year ended March 31, 2018

(Amount in : Uruguayan Pesos)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenues:			
Consultancy services		**716.169.266**	815.776.725
Total revenues		**716.169.266**	815.776.725
Operating expenses:	15		
Employee benefits expenses		**(570.592.503)**	(621.858.454)
Depreciation and amortisation expense		**(34.641.442)**	(25.238.097)
Other operating expenes		**(89.704.565)**	(102.837.213)
Total operating expenses		**(694.938.510)**	(749.933.763)
Operating profit		**21.230.756**	65.842.962
Other income:			
Finance income	17	**411.178**	4.310.863
Finance costs	16	**(3.967.859)**	(35.212.829)
Other gains		**8.569.333**	25.200
Other income (net)		**5.012.652**	(30.876.766)
Profit before taxes		**26.243.408**	34.966.196
Income tax expense	20	**(2.566.993)**	(8.441.119)
PROFIT FOR THE YEAR		**23.676.415**	26.525.077
Other comprehensive income:			
Other comprehensive income		**-**	-
NET AND TOTAL COMPREHENSIVE INCOME		**23.676.415**	26.525.077

See accompanying notes forming part of the financial statements.

Statement of changes in Equity for the year ended March 31, 2018

(Amount in : Uruguayan Pesos)

	Share capital	Legal reserve	Other equity	Retained earnings	Total equity
Balance as of Mar 31, 2016	540.000	108.000	(2.445.624)	354.263.113	352.465.489
Other comprehensive income	-	-	-	-	-
Profit for the year	-	-	-	26.525.077	26.525.077
Total comprehensive income	-	-	-	26.525.077	26.525.077
Dividend (Note 10)	-	-	-	(144.095.000)	(144.095.000)
Balance as at March 31, 2017	**540.000**	**108.000**	**(2.445.624)**	**236.693.190**	**234.895.566**
Other comprehensive income profit for the year	**-**	**-**	**-**	**23.676.415**	**23.676.415**
Total comprehensive income	-	-	-	**23.676.415**	**23.676.415**
Dividend (Note 10)	-	-	-	**(99.088.500)**	**(99.088.500)**
Transfer to other equity	-	-	**376.234**	**(376.234)**	-
Balance as at March 31, 2018	**540.000**	**108.000**	**(2.069.390)**	**160.904.871**	**159.483.481**

See accompanying notes forming part of the financial statements.

Statement of Cash Flows for the year ended March 31, 2018

(Amount in : Uruguayan Pesos)

	For Year ended March 31, 2018	For Year ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	**23.676.415**	26.525.077
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation expense	**34.641.441**	25.238.097
Income tax expense	**1.813.981**	8.658.131
Deffered tax expense	**753.012**	(217.012)
Investment revenue	**(411.178)**	(4.310.863)
Provision for forseeable losses	**(69.667)**	46.309
Net change:		
Trade receivables	**(5.196.501)**	80.871.464
Unbilled revenues	**(6.877.132)**	(3.059.233)
Other financial assets (current and non-current)	**59.880.976**	1.553.146
Other assets (current and non-current)	**13.411.092**	(9.281.441)
Trade and other payables	**(5.362.256)**	7.017.903
Other financial liabilities (current)	**252.430**	(92.587.905)
Unearned and deferred revenues	**11.574.170**	1.038.714
Employee benefit obligations	**2.536.429**	56.696.513
Other liabilities (current a nd non-current)	**7.082.078**	(4.754.142)
Income tax	**(2.104.214)**	(7.177.047)
Cash generated from operating activites	**135.601.077**	85.257.711
Taxes paid	**(698.313)**	(326.531)
Net cash provided by operating activities	**134.902.764**	85.931.180
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	**(30.629.554)**	(69.873.795)
Purchase of investments	**(29)**	-
Net cash used in investing activities	**(30.629.583)**	(69.873.795)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	**(99.088.500)**	(144.095.000)
Loans to related parties	**-**	133.937.302
Net cash used in financing activities	**(99.088.500)**	(10.157.698)
Net change in cash	**5.184.681**	5.899.687
Cash and cash equivalents, beginning of the year	**18.349.183**	12.449.496
Cash and cash equivalents, end of the year	**23.533.864**	18.349.183

See accompanying notes forming part of the Financial Statements.

Notes forming part of the Financial Statements

1. BASIC INFORMATION ABOUT THE COMPANY

1.1 Legal nature

TCS Uruguay S.A. (the Company) is a private company whose headquarter is located on Monte Caseros 2600, in Montevideo, Uruguay.

The company is part of a wider economic group, represented by TCS Iberoamerica, therefore, the results of its operations could be affected to operate without this support

1.2 Main activity

The Company's main activities are the development of software, provision of IT services and process outsourcing services aimed at both local and foreign markets.

2. FINANCIAL STATEMENTS

The financial statements have been approved by the Entity´s Management for their issuance on May 18, 2018 and will be submitted to the Shareholders meeting for approval.

3 MAIN ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") adopted by the International Accounting Standards Board (IASB), translated into Spanish, and interpretations prepared by the Interpretations Committee of the International Financial Reporting Standards or the previous Interpretations Committee, in accordance with the Appropriate Accounting Standards in Uruguay pursuant to Decrees 291/014, 292/014 and 124/011.

The significant accounting policies which have been adopted for the preparation of these financial statements are as follows:

a. Preparation basis

The financial statements have been prepared, in general, on the basis of their historical cost. Consequently, except for the mentioned in Note 3.h, assets, liabilities, income and expenses are valued at the amounts actually agreed upon for the original transaction.

b. Functional currency and presentation currency

Company's management deems that the Uruguayan peso is the Company´s functional currency, as it is the currency of the primary economic environment in which the Company operates.

c. Definition of capital to be maintained

Income for the year has been considered as the difference that arises when comparing the equity at closing and beginning balances, after excluding increases and decreases from capital contributions and earning distributions. For the purpose of determining the year's results, all amounts involved in equity changes are expressed in Uruguayan pesos.

No special provision has been made to take into account the likely coverage that may have been deemed fit in order to maintain the operating capacity of assets.

d. Revenue recognition

Revenues have been calculated based on the selling price of the services provided to third parties during the year. Cost of sales represents the amount of money the Company has paid or comprised to pay for rendering such services. Administrative and sales expenses and financial results susceptible of being allocated to periods have been recorded following such criteria.

Revenue from contracts priced on a time and material basis is recognised as services are rendered and as related costs are incurred.

Revenue from software development contracts, which are generally time bound fixed price contracts, is recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognised when probable. Revenue in excess of billings is recognised as unbilled revenue in the statement of financial position; to the extent billings are in excess of revenue recognised, the excess is reported as unearned and deferred revenue in the statement of financial position.

e. Cash and cash equivalents

For the purpose of preparing the Cash flow statement, the Company defined cash and cash equivalents as cash.

f. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are valued at their historical costs restated until the fiscal year ended at March 31st, 2011. The acquisitions made after the date before mentioned, are at their historical cost. The cost of improvements that extend the useful lives of the assets or increase its production capacity is capitalized. Maintenance costs are expensed. Depreciation is calculated on these values based on the straight-line method based on their estimated useful lives.

The useful lives are as follows:

Leasehold improvements	Contract term
Computer equipment	4 years
Furniture and fixtures	5 years
Office equipments	5 years
Electric Installations	5 years
Automobiles	4 years
Software	1 to 3 years

Profits or losses arising from the abandonment or disposal of an element from Property, plant and equipment and intangible assets should be calculated as the difference between the net amount expected to be obtained from the sale, if any, and the carrying amount of the asset and should be recognized as profit or loss in the income statement.

g. Impairment loss of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater between the fair value less the costs for sale and the value in use. The value in use is the current value of estimated cash flows, expected to derive from continued operation of the asset over its useful life, as well as its disposition or writing off. In order to determine the value in use, projected cash flows are discounted at their current value using a discount rate before taxes, reflecting the market's current evaluation over the cash temporary value and the specific risks of the asset under evaluation.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash- generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years.

h. Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign

Notes forming part of the Financial Statements

currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

The following is a breakdown of the exchange rates of the main foreign currency operated by the Company respect to Uruguayan Pesos, at the average and closing date of the financial statements:

	Average		Closing	
	Mar 31, 2018	**Mar 31, 2017**	**Mar 31, 2018**	**Mar 31, 2017**
U.S. Dollar	28,68	29,40	28,39	28,54
Canadian Dollar	22,36	22,37	21,98	21,45
Mexican Peso	1,55	1,53	1,55	1,52
Argentinean Peso	1,64	1,95	1,41	1,85
Euro	33,58	32,22	34,95	30,44
Colombian Peso	0,01	0,01	0,01	0,01
Great Britain Pounds	38,04	38,46	39,97	35,73
Indian Rupee	0,44	0,44	0,44	0,44

i. Taxes

i.1 Income Tax

Income tax expense comprises current and deferred tax. It Is recognized in profit or loss except to the extent that is related to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax

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

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

Deferred tax

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 assets is recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse,using tax rates enacted or substantively enacted at the reporting date.

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

i.2 Tax exemption

TCS Uruguay S.A. is subject to Income Tax on Business Activity (IRAE) but has part of its income exempted according to provisions of Articles 140 and 163 bis of Decree 150/007.

Under the provisions of Law No. 16.906 dated January 7, 1998 and Decree No. 207/008 dated April14,

2008, TCS Uruguay S.A. requested to be exempted from Income Tax (IRAE) on income derived from the rendering of remote services involving the outsourcing of business processes for overseas clients, and committed to increase to one hundred the number of direct qualified working positions, linked directly to that activity.

By Resolution of the Ministry of Economy and Finance dated January 17, 2013, the activity of the company for providing remote services involving the outsourcing of business processes for overseas clients was declared to be a promotional investment and consequently an exemption from IRAE was obtained for a term of ten years as from the year beginning on 04/01/2010.

According to Article 3 of Decree No. 207/008 and considering that the Company committed to maintain one hundred direct qualified posts, it has obtained a benefit of a 70% exemption of income from the promoted activity for the ten-year term

j. Financial instruments

Financial assets and liabilities are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the financial instrument.

Accounts receivable

Accounts receivable are expressed at their nominal value adjusted according to the provisions corresponding to estimated bad debts.

Financial liabilities and equity

The instruments of financial liabilities and equity are classified pursuant to the substance of the agreed upon agreements and with the definitions of financial liabilities and capital instruments. The economic substance of a financial instrument, above its legal form, is what will guide the classification to be given in the balance. The accounting policies adopted for specific financial liabilities and equity instruments are set out in the following paragraphs.

Accounts payable

Accounts payable are expressed at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at their historical costs in Uruguayan pesos, net of direct issuance costs.

k. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

l. Consistency of accounting criteria

The criteria applied in the valuation of assets and liabilities, as well as, the computation of net income are consistent with such applied on the fiscal year ended March 31, 2017.

m. Use of estimates

The preparation of financial statements requires that management make certain estimates and assumptions that affect the value of recorded assets and liabilities, contingent assets and liabilities disclosed as of balance sheet date and revenues and costs recognized during the fiscal year.

Significant estimates and assumptions have been made regarding depreciations, deferred tax, recoverable value of long term assets and allowances.

Actual results may differ from these estimates and evaluations made at the date of preparation of this financial statements.

Notes forming part of the Financial Statements

n. Recent accounting standards

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 15	Revenue from Contracts with Customers[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRS 16	Leases[2]
IFRS 9 (2014)	Financial Instruments[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Annual improvements — 2015-2017 cycle	IFRS 3 Business combinations, IFRS 11 Joint Arrangements IAS 12 Income Taxes, IAS 23 Borrowing costs[2]

[1] Effective for annual periods beginning on or after January 1, 2018.

[2] Effective for annual periods beginning on or after January 1, 2019.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. In April 2016, the IASB issued clarifications to IFRS 15 in relation to identification of performance obligations, principal versus agent considerations as well as licensing application guidance.

IFRIC 22 – Foreign Currency Transactions and advance consideration

On December 8, 2016, the International Accounting Standards Board issued IFRIC 22 which clarifies the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

IFRS 16 – Leases

On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS 16, Leases. IFRS 16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize right to use asset and a corresponding liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

IFRS 9 – Financial Instruments

In July 2014, The International Accounting Standards Board (IASB) has published the final version of IFRS 9 'Financial Instruments' bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The Standard supersedes all previous versions of IFRS 9.

IFRIC 23- Uncertainty over Income Tax Treatments

On June 7, 2017, the International Accounting Standards Board issued IFRIC 23 which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

Annual improvements — 2015-2017 cycle

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control/ joint control of a business that is a joint operation.
- IAS 12 Income Taxes — an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The Company is in the process of evaluating the impact of the new standard.

IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

In all cases, the Company will apply the new standards in the first year in which they are in force. Company´s management is in the process of evaluating the impact of the new standards and estimates that the application of this modification will not have a significant impact in the financial statements.

4. CASH AND CASH EQUIVALENTS

(Amount in : Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Current account balances with banks	**23.533.864**	18.349.183
Total	**23.533.864**	18.349.183
Held outside India	**23.533.864**	18.349.183
Total	**23.533.864**	18.349.183

Notes forming part of the Financial Statements

5. TRADE RECEIVABLES

(Amount in : Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Trade receivables - gross	**99.789.028**	89.829.596
Less : Provision for volume discount	**(32.388.948)**	(27.626.019)
Total	**67.400.080**	62.203.577

Trade receivables include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Company has not recognized an allowance for doubtful debts because they correspond to balances with related parties that are considered as recoverable.

Aging of trade receivables:

(Amount in : Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Not Due	**28.900.645**	38.796.442
Overdue 1 to 90 Days	**29.879.893**	14.838.266
Overdue 91 to 180 Days	**1.275.220**	4.416.030
Overdue 181 to 360 Days	**1.965.398**	738.042
Overdue 360 Days	**5.378.924**	3.414.797
Total past-due portfolio	**67.400.080**	62.203.577

6. OTHER FINANCIAL ASSETS

Other current financial assets

(Amount in : Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Loan to fellow subsidiary (*)	**-**	57.102.076
Total	**-**	57.102.076

Other non-current financial assets

(Amount in : Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Deposits for premises	**1.664.703**	4.092.525
Advance to suppliers	**-**	10.457.855
Others	**60.100**	-
Total	**1.724.803**	14.550.380

(*) As of March 31st, 2017, the balance corresponds to a short-term loan given to related parties for a total capital of USD 2.000.000 with an annual interest rate of 4.5%, which was fully canceled as of March 31, 2018.

Notes forming part of the Financial Statements

7. OTHER ASSETS

Other Current financial assets

(Amount in : Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Prepaid expenses	**255.287**	191.329
Employee advances	**2.322.218**	2.296.856
Advance to suppliers	**174.117**	5.411.709
Tax credit	**1.896.865**	5.940.599
Prepaid Rent - Others	**1.862.777**	-
Other current assets	**-**	6.081.863
Total	**6.511.264**	19.922.356

8. INVESTMENTS

(Amount in : Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Investments carried at fair value through OCI		
Fully paid equity shares		
Investments in subsidiaries		
i . TCS Inversions Chile Ltda.	**29**	-
ii. MGDC S.C.	**73.116**	73.116
Total Investments - Non current	**73.145**	73.116

Notes forming part of the Financial Statements

9. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The evolution of the balances is detailed below:

(Amount in : Uruguayan Pesos)

	Leasehold improvements	Computer equipments	Furniture and fixtures	Office equipments	Electrical Installations	Automobiles	Total
Gross block as of Mar 31, 2017	**146.417.560**	**38.876.780**	**26.677.721**	**7.600.423**	**1.781.054**	**481.318**	**221.834.856**
Purchases (*)	**82.854.052**	**3.012.427**	**8.788.500**	**5.204.858**	**-**	**-**	**99.859.837**
Gross block as of Mar 31, 2018	**229.271.612**	**41.889.207**	**35.466.221**	**12.805.281**	**1.781.054**	**481.318**	**321.694.693**
Accumulated depreciation as of Mar 31, 2017	**67.526.056**	**32.528.570**	**19.518.353**	**3.900.213**	**562.873**	**429.536**	**124.465.601**
Disposals	**53.146**	**-**	**12.053**	**-**	**(65.199)**		**-**
Depreciation for the year	**21.371.396**	**4.956.080**	**5.556.063**	**2.460.542**	**245.578**	**51.782**	**34.641.441**
Accumulated depreciation as of Mar 31, 2018	**88.950.598**	**37.484.650**	**25.086.469**	**6.360.755**	**743.252**	**481.318**	**159.107.042**
Net carrying amount as of Mar 31, 2018	**140.321.014**	**4.404.557**	**10.379.752**	**6.444.526**	**1.037.802**	**-**	**162.587.651**
Capital work-in-Progress (including capital advances)	**-**	**1.282.167**	**812.368**	**-**	**-**		**2.094.535**
Total							**164.682.186**

	Leasehold improvements	Computer equipments	Furniture and fixtures	Office equipments	Electrical Installations	Automobiles	Total
Gross block as of Mar 31, 2016	144.365.599	38.247.040	26.666.082	5.772.423	1.781.054	481.318	217.313.516
Purchases (*)	3.833.012	629.740	11.639	1.828.000	-	-	6.302.391
Reclassfications	(1.781.051)	-	-	-	-	-	(1.781.051)
Gross block as of Mar 31, 2017	146.417.560	38.876.780	26.677.721	7.600.422	1.781.054	481.318	221.834.856
Accumulated depreciation as of Mar 31, 2016	53.948.176	27.458.918	15.090.469	2.473.859	-	429.536	99.400.958
Reclassfications	(382.209)	-	-	-	382.209	-	-
Depreciation for the year	13.960.089	5.069.652	4.427.884	1.426.354	180.664	-	25.064.643
Accumulated depreciation as of Mar 31, 2017	67.526.056	32.528.570	19.518.353	3.900.213	562.873	429.536	124.465.601
Net carrying amount as of Mar 31, 2017	78.891.504	6.348.210	7.159.368	3.700.210	1.218.181	51.782	97.369.255
Capital work-in-progress (including capital advances)	64.760.101	1.402.088	812.369	4.350.260	-		71.324.818
Total							168.694.073

(*) Purchases of property plant and equipment amounted $ 30.629.554 Uruguayan Pesos as of March 31, 2018 ($ 69.873.795 Uruguayan pesos as at March 31, 2017) and reclassifications from capital work -in-progess amounted $ 69.230.283 ($0 Uruguayan pesos as at March 31, 2017).

Intangible assets	(In Uruguayan Pesos)
	Software Licences
Gross block as of Mar 31, 2016	1.407.601
Gross block as of Mar 31, 2017	1.407.601
Accumulated depreciation as of Mar 31, 2016	1.234.147
Depreciation for the year	173.454
Accumulated depreciation as of Mar 31, 2017	1.407.601
Net carrying amount as of Mar 31, 2017	-

10. EQUITY

10.1 Issued capital

Paid in capital corresponds to 540.000 shares with a nominal value of $ 1 Uruguayan pesos each.

10.2 Legal reserve

The Legal reserve has reached the maximum amount established by Article 93 of Law 16.060.

10.3 Retained earnings

On December 2nd, 2016 it was determined to distribute dividends in advanced for a total of $ 144.095.000 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

On March 27, 2018 it was determined to distribute dividends in advanced for a total of $ 99.088.500 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

11. TRADE PAYABLES

(Amount in : Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Trade payables - gross	**21.810.735**	16.467.160
Trade payables	**21.810.735**	16.467.160
Accrued expenses	**6.917.945**	17.623.776
Total	**28.728.680**	34.090.936

12. OTHER FINANCIAL LIABILITIES

(Amount in : Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Capital Creditors	**1.845**	-
Security deposits	**250.586**	-
Total	**252.431**	-

Notes forming part of the Financial Statements

13. EMPLOYEE BENEFIT OBLIGATIONS

(Amount in : Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Benefits to employees	**44.947.380**	43.214.628
Accrued payroll	**13.926.393**	13.481.885
Other employee benefit obligations	**359.169**	-
Total	**59.232.942**	56.696.513

14. OTHER LIABILITIES

(Amount in : Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Indirect tax payable and other statutory liabilities	**12.032.261**	12.731.940
Capital creditors	**-**	4.538.286
Security deposits - Current	**-**	356.678
Accrual for lease rentals	**462.297**	-
Total	**12.494.558**	17.626.904

Other non - current liabilities

(Amount in : Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Accrual for lease rentals	**1.756.569**	-
Total	**1.756.569**	-

15. EXPENSES BY NATURE

(Amount in : Uruguayan Pesos)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Employee benefits expenses	**570.592.503**	621.858.454
Fees to External consultants	**1.730.147**	2.844.658
Facility Running Expenses	**53.470.527**	58.531.743
Depreciation and amortisation expense	**34.641.441**	25.238.097
Travel Expenses	**9.514.656**	10.928.270
Communication	**8.244.332**	14.383.479
Cost of equipment and software licenses	**528.700**	-
Other Expenses	**16.216.204**	16.149.062
Total	**694.938.510**	749.933.763

16. FINANCE COSTS

(Amount in : Uruguayan Pesos)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Net foreign exchange gains/(losses)	**(3.967.859)**	(35.212.829)
Total	**(3.967.859)**	(35.212.829)

17. FINANCE INCOME

(Amount in : Uruguayan Pesos)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income/dividend	**411.178**	4.310.863
Total	**411.178**	4.310.863

18. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of buildings with lease terms between 1 – 10 years. The Company does not have an option to purchase the buildings at the expiry of the lease periods.

18.1 Payments recognized as an expense

(Amount in : Uruguayan Pesos)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Minimum lease payments	**27.744.811**	28.223.657
Total	**27.744.811**	28.223.657

18.2 Non-cancellable operating leases commitments

(Amount in : Uruguayan Pesos)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Not later than one year	**27.094.309**	25.129.789
Later than one year but not later than five years	**105.158.660**	100.519.158
Later than five years	**8.295.000**	38.656.503
Total	**140.547.969**	164.305.450

Notes forming part of the Financial Statements

19. RELATED PARTIES

The Company is part of a wider economic group, represented by TCS Iberoamerica,therefore, the results of its operations could be affected to operate without this support.

The Company has carried out transaction during the year and maintains, at year end, balances with related parties whose nature and amounts are exposed below:

Balance receivables from related parties

Year ended March 31, 2018 (Amount in : Uruguayan Pesos)

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
Trade receivables, unbilled revenue and other financial assets	**-**	**-**	**35.421.167**	**43.042.916**	**78.464.083**
	-	**-**	**35.421.167**	**43.042.916**	**78.464.083**

Year ended March 31, 2017 (Amount in : Uruguayan Pesos)

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
Trade receivables, unbilled revenue and other financial assets	-	-	22.778.096	105.026.403	127.804.499
	-	-	22.778.096	105.026.403	127.804.499

Balance payables to related parties

Year ended March 31, 2018 (Amount in : Uruguayan Pesos)

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
Trade and other payables	**1.310.160**	**-**	**11.568.615**	**15.295.679**	**28.174.454**
	1.310.160	**-**	**11.568.615**	**15.295.679**	**28.174.454**

Year ended March 31, 2017 (Amount in : Uruguayan Pesos)

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
Trade and other payables	5.543	-	4.422.532	1.123.662	5.551.737
	5.543	-	4.422.532	1.123.662	5.551.737

Notes forming part of the Financial Statements

Transactions with related parties

Year ended March 31, 2018

(Amount in : Uruguayan Pesos)

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
Revenue					
Revenue from Sales of Services & Licenses	-	-	78.431.203	635.257.608	713.688.811
Other income	-	-	-	208.023	208.023
	-	-	78.431.203	635.465.631	713.896.834
Expenses					
Purchases of goods and services	-	-	28.834.834	3.992.630	32.827.464
Other expenes	-	-	-	99.088.500	99.088.500
Brand Equity Contribution	1.310.160	-	-	-	1.310.160
	1.310.160	-	28.834.834	103.081.130	133.226.124

Year ended March 31, 2017

(Amount in : Uruguayan Pesos)

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
Revenue					
Revenue from Sales of Services & Licenses	-	-	50.910.318	762.636.322	813.546.640
Other income	-	-	-	4.310.863	4.310.863
	-	-	50.910.318	766.947.185	817.857.503
Expenses					
Purchases of goods and services	-	-	20.653.118	5.548.872	26.201.990
	-	-	20.653.118	5.548.872	26.201.990

Remuneration to the Board

The members of the Company's board are not remunerated for carrying out their duties.

Notes forming part of the Financial Statements

20. INCOME TAX

20.1 Income tax expense

(Amount in : Uruguayan Pesos)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current income ta x expense		
Domestic	**(510.169)**	1.690.388
Overseas	**2.324.150**	6.967.743
	1.813.981	8.658.131
Deferred income tax expense / (benefit)		
Domestic	**753.012**	(217.012)
	753.012	(217.012)
Total income tax expense	**2.566.993**	8.441.119

20.2 Reconciliation of income tax and book net income

(Amount in : Uruguayan Pesos)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Income before income taxes	**26.243.408**	34.966.196
Federal income tax rate	**25%**	25%
Expected income tax expense	**6.560.852**	8.741.549
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Tax holidays and income exempt from tax(*)	**(102.943.638)**	(176.536.373)
Tax on transfer of foreign subsidiary overseas branches	**2.301.985**	6.536.278
Tax pertaining to prior years:		
Current Tax	**(638.029)**	365.388
Deferred Tax	**753.012**	-
Fixed Assets of SEZ/STP	**(970.745)**	(1.377.440)
Dis allowable expenses :		
Income exempt related disallowed expenses(*)	**95.223.259**	166.851.068
Other non deductible expenses	**1.616.384**	803.414
WHT on interest	**22.165**	-
Other Permanent differences:		
WHT on dividends	**-**	431.465
Other adjustments	**641.748**	2.625.770
Total income tax expense	**2.566.993**	8.441.119

* In accordance with the Resolution issued by the Ministry of Economy and Finance on January 17th, 2012, and the article 3rd, of Decree 207/008, the Entity has an exoneration of the 70% of the income from outsourcing services of business process if TCS Uruguay S.C. generates 100 qualified working places; or an exoneration of the 100% in case it provides a minimum of 150 qualified working places and that their service is used in 100% on services to foreign countries.

In relation to this, in the years ended March 31, 2018 and March 31, 2017, the Entity has accomplished with the first requirements receiving an exoneration of the 70% over the income product of this kind of services.

20.3 Assets and liabilities for deferred income tax

Assets and liabilities for deferred income tax have been offset.

The opening of deferred income tax account's balances before being offset is presented below:

	Year ended Mar 31, 2017	Recognised / reversed through profit or loss	Year ended Mar 31, 2018
Originated by:			
Property, plant and equipment	720.726	(720.726)	-
Provisions	32.286	(32.286)	-
	753.012	(753.012)	-

	Year ended Mar 31, 2016	Recognised / reversed through profit or loss	Year ended Mar 31, 2017
Originated by:			
Property, plant and equipment	504.000	216.726	720.726
Provisions	32.000	286	32.286
	536.000	217.012	753.012

21. FINANCIAL RISK MANAGEMENT

Exchange rate risk

Exchange rate risk is determined by the exposure of the Company to foreign currency fluctuation, detailed as follows:

March 31, 2018

	USD	C$	INR	R$	EUR	MXN	Equivalent $
Assets:							
Cash and cash equivalents	807.300	-	-	-	-	-	22.918.435
Trade receivables	2.299.459	80.037	-	(7.813)	-	117	66.972.187
Unbilled revenue	318.917	4.087	-	-	56.824	-	11.129.443
Other financial assets	-	-	-	-	-	-	-
Other assets	66.187	-	-	-	-		1.895.860
Total	3.491.863	84.124	-	(7.813)	56.824	117	102.915.926
Liabilities:							
Trade payables	446.091	-	-	-	-	-	12.664.072
Other financial liabilities	65	-	-	-	-	-	1.845
Other liabilities	16.284	-	-	-	-	-	462.297
Total	462.440	-	-	-	-	-	13.128.214
Net exposure asset/(liability)	3.029.423	84.124	-	(7.813)	56.824	117	89.787.712

Notes forming part of the Financial Statements

March 31, 2017

	USD	C$	INR	R$	EUR	MXN	Equivalent $
Assets:							
Cash and cash equivalents	631.077	-	-	-	-	-	18.013.463
Trade receivables	984.333	(109.700)	-	831.557	-	-	33.325.443
Unbilled revenue	136.851	-	208.802	-	-	-	3.814.364
Other financial assets	2.000.493	-	-	-	-	-	57.102.076
Other assets	728.943	-	-	-	-		20.797.605
Total	4.481.697	(109.700)	208.802	831.557	-	-	133.052.951
Liabilities:							
Trade payables	507.233	-	-	-	-	-	14.478.464
Other financial liabilities	158.993	-	-	-	-	-	4.538.296
Other liabilities	-	-	-	-	-	-	-
Total	666.226						19.016.760
Net exposure asset/(liability)	3.815.471	(109.700)	208.802	831.557	-	-	114.036.191

The Company is mainly exposed to changes in the rate of the US Dollar. The following table shows the sensitivity of the foreign currency position if: there is a devaluation scenario of 20% or an appreciation scenario of 20% for the exchange rate of the US Dollar against the Uruguayan peso.

(Figures expressed in Uruguayan pesos)

As of March 31,2018	
Scenario 1 Devaluation	
Loss	(17,292,916)
Scenario 2 Appreciation	
Profit	17,292,916
As of March 31, 2017	
Scenario 1 Devaluation	
Loss	(17,620,376)
Scenario 2 Appreciation	
Profit	17,620,376

Interest risk

The Company does not hold significant commercial or financial assets or liabilities subject to the change in the interest rate, because the loans to related parties were made under fix rates (Note 6).

Credit risk

The main financial assets of the Company consist of accounts receivable and related parties.

The amounts presented in the balance sheet are net of provisions for bad debts estimated by Management, based on past experience and the assessment of its current financial situation.

The Company accrues the largest concentration of its credits in the group's counterparts.

Liquidity risks

The Company is substantially financed by related parties (Note 19).

22. INVESTMENT TAX CREDIT

On June 25th, 2014 the Ministry of Economy and Finance determined to give a tax benefit to TCS Uruguay S.A. under regulatory Decree 455/07 of Law 16.906 of Promotion and protection of investments. This benefit grants an exemption of 20,277,929 IU from IRAE (Corporate income tax) for 40.71% of the eligible investment to be used in a 6-year term and an exemption from IP (Net worth tax) on movable fixed assets for the whole of their useful lives and on civil works for a term of 8 years.

23. CHANGES TO THE COMPARATIVE FIGURES

The following reconciliation shows the effect of the changes on the Company statement of financial position as of March 31, 2017 and in the statement of profit and loss and other comprehensive income for the year ended March 31,2017:

	As of Mar31, 2017	Adjustments	Reference	Adjusted
Assets:				
Current assets:				
Cash and cash equivalents	18.349.183			18.349.183
Trade receivables	61.917.275	286.302	(1)	62.203.577
Unbilled revenue		4.497.792	(1)	4.497.792
Other financial assets	57.102.076			57.102.076
Other assets	22.057.785	(2.135.429)	(1)	19.922.356
Total current assets	159.426.319	2.648.665		162.074.984
Non-current assets:				
Investments	73.116	-		73.116
Other financial assets	14.550.380	-		14.550.380
Deferred tax assets	753.012	-		753.012
Property, plant and equipment	168.694.073	-		168.694.073
Total non-current assets	184.070.581	-		184.070.581
TOTAL ASSETS	343.496.900	2.648.665		346.145.565
LIABILITIES AND EQUITY:				
Liabilities:				
Current liabilities:				
Trade payables	20.207.236	13.883.700	(2)	34.090.936
Unearned and deferred revenue	-	2.193.497	(2)	2.193.497
Employee benefit obligations	-	56.696.513	(2)	56.696.513
Income tax liabilities (net)	-	550.234	(2)	550.234
Provisions	-	91.915	(2)	91.915
Other liabilities	88.394.098	(70.767.194)	(2)	17.626.904
Total current liabilities	108.601.334	2.648.665		111.249.999
TOTAL LIABILITIES	108.601.334	2.648.665		111.249.999

Notes forming part of the Financial Statements

Equity:				
Share Capital	540.000	-		540.000
legal Reserves	108.000	-		108.000
Other equity	(2.445.624)	-		(2.445.624)
Retained Earnings	236.693.190	-		236.693.190
TOTAL EQUITY	234.895.566	-		234.895.566
TOTAL LIABILITIES AND EQUITY	343.496.900	2.648.665		346.145.565

	For the year ended March 31, 2017	Adjustments	Reference	March 31, 2017 Adjusted
Revenues:				
Consultancy services	815.776.725	-		815.776.725
Total revenues	815.776.725	-		815.776.725
Cost of sales	(579.846.631)	579.846.631	(3)	-
Operating expenses:				
Employee benefits expenses	-	(621.858.454)	(3)	(621.858.454)
Depreciation and amortisation expense	-	(25.238.097)	(3)	(25.238.097)
Other operating expenses	(177.054.875)	74.217.663	(3)	(102.837.212)
Total operating expenses	(177.054.875)	74.217.663		(749.933.763)
Operting profit	58.875.219	(654.064.294)		65.842.962
Other Income:				
Finance income	4.293.149	17.714	(4)	4.310.863
Finance costs		(35.212.829)	(4)	(35.212.829)
Other gains	(35.169.915)	35.195.115	(4)	25.200
Other Income (net)	(30.876.766)	-		(30.876.766)
Profit before taxes	27.998.453			34.966.196
Income tax expense	(1.473.376)	(6.967.743)	(3)	(8.441.119)
Profit for the year	26.525.077	(6.967.743)		26.525.077

(1) a) Reclassification for $4.433.435 was made from trade receivables to unbilled revenue, and it corresponds to a more detail presentation.

b) Reclassification for $2.193.497 was made from trade receivables to unearned and deferred revenue as it corresponds to advance billing revenue.

c) Reclassification for $2.800.693 was made from other assets to trade receivables because it corresponds to recoverable expenses that for its nature have to be classified as other assets.

(2) Reclassifications correspond to a more detail presentation, except in the case of Income tax expense that was shown as other operating expense.

(3) Reclassifications were made in order to expose costs by nature instead of function.

(4) Reclassifications correspond to a more detail presentation.

24. SUBSEQUENT EVENTS

There have been no events or circumstances subsequent to March 31st, 2018 that could significantly affect the Company's balance sheet, operating income and cash flows.

TCS SOLUTION CENTER S.A.

FINANCIAL STATEMENTS

For the year ended
March 31, 2018

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF
TCS SOLUTION CENTER S.A.

Opinion

We have audited the financial statements of TCS Solution Center S.A. ("the Company"), which comprise the statement of financial position as of March 31st 2018, the statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended. and notes. comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects. the position of the Company as of March 31st 2018, 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 ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter- transactions with related parties

The Company's business is carried within the commercial strategy and operation framework set by the controlling entity. As mentioned in Note 21, the Company has significant transactions and maintains significant balances with related parties. Our opinion is not modified in respect of this matter.

Emphasis of Matter- comparative information

We draw attention to Note 24 to the financial statements which indicates that the comparative information presented as at and for the year ended March 31st, 2017 has been restated. Our opinion is not modified in respect of this matter.

Other Matter relating to comparative information

The financial statements of TCS Solution Center S.A. as of and for the year ended March 31st, 2017, excluding the adjustments described in Note 24 to the financial statements were audited by another auditor who expressed an unmodified opinion on those'financial statements on April 28th, 2017.

As part of our audit of the financial statements as of and for the year ended March 31st, 2018, we audited the adjustments decribed in Note 24 that were applied to restate the comparative information presented as of and for the year ended March 31st, 2017. We were not engaged to audit, review or apply any procedures to the financial statement for the year ended March 31st, 2017, other than with respect to the adjustments decribed in Note 24 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 24 are appropriate and have been properly applied.

Responsibilities of Those Charged with Governance for the Financial Statements

Those charged with governance are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as those charged with governance 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 company's 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 statement reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives here 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 either, 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 the audit and 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 the ones 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.

Montevideo, May 18th 2018

KPMG
Gabriela Cervieri

Partner

C.J.y P.P.U. No 64.031

Balance Sheet as at March 31, 2018

(Uruguayan Pesos)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS:			
Current assets:			
Cash and cash equivalents	4	**147.248.259**	289.580.066
Trade receivables	5	**359.511.299**	300.585.180
Unbilled revenues		**130.668.891**	115.154.562
Other financial assets	6	**2.610**	-
Advance income taxes (net)		**63.992.395**	45.723.590
Other assets	7	**166.124.925**	111.377.626
Total current assets		**867.548.379**	862.421.024
Non-current assets:			
Investments	8	**906**	906
Other financial assets	6	**783.334**	1.337.312
Advance income taxes (net)		**85.723.906**	131.693.746
Deferred tax assets (net)	22	**19.098.101**	6.280.188
Property, plant and equipment	9	**430.286.002**	395.192.499
Intangible assets	9	**223.978**	787.453
Unbilled revenue		**1.831.385**	102.199
Total non-current assets		**537.947.612**	535.394.303
TOTAL ASSETS		**1.405.495.991**	1.397.815.327
LIABILITIES AND EQUITY:			
Liabilities:			
Current liabilities:			
Trade payables	11	**273.284.376**	508.794.527
Borrowings	12	**84.400.693**	200.508.931
Other financial liabilities	13	**1.126.711**	2.116.231
Unearned and deferred revenue		**44.016.557**	25.700.450
Employee benefit obligations	14	**105.437.194**	98.181.836
Income tax payable (net)		**5.424.327**	-
Provisions		**1.614.983**	164.688
Other liabilities	15	**109.528.170**	77.497.929
Total current liabilities		**624.833.011**	912.964.592
TOTAL LIABILITIES		**624.833.011**	912.964.592
Equity:			
Share capital	10	**359.244.073**	359.244.073
Legal Reserves		**7.915.559**	1.853.823
Other equity		**5.894.110**	1.870.914
Retained Earnings		**407.609.238**	121.881.925
TOTAL EQUITY		**780.662.980**	484.850.735
TOTAL LIABILITIES AND EQUITY		**1.405.495.991**	1.397.815.327

See accompanying notes to financial statements.

Statement of Profit or Loss and Other Comprehensive Income for the year ended March 31, 2018

(Uruguayan Pesos)

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenues:			
Revenue from operations		**2.680.666.026**	2.429.456.683
TOTAL REVENUES		**2.680.666.026**	2.429.456.683
Operating expenses	16		
Employee benefits expenses		**(1.326.557.845)**	(1.276.102.002)
Depreciation and amortisation expense		**(158.000.998)**	(78.237.282)
Other operating expenses		**(805.661.371)**	(923.203.909)
TOTAL OPERATING EXPENSES		**(2.290.220.214)**	(2.277.543.194)
OPERATING INCOME		**390.445.812**	151.913.490
Other income			
Finance income	18	**4.566.206**	4.261.036
Other gains	17	**3.589.473**	5.596.853
Finance Costs	19	**(9.511.575)**	(9.433.447)
OTHER INCOME, NET		**(1.355.896)**	424.442
PROFIT BEFORE TAXES		**389.089.916**	152.337.932
Income Tax	22	**(10.871.477)**	(31.103.209)
PROFIT FOR THE YEAR		**378.218.439**	121.234.723
OTHER COMPREHENSIVE INCOME:			
Items that are or may be reclassified to profit or loss			
Translation adjustment		**16.682.306**	141.656
NET AND TOTAL COMPREHENSIVE INCOME		**394.900.745**	121.376.379

See accompanying notes to financial statements.

Statement of changes in Equity for the year ended March 31, 2018

(Uruguayan Pesos)

	Equity share capital	Legal Reserves	Other equity	Retained earnings	Total equity
Balance as of Mar 31, 2016	197.669.771	1.853.823	33.951.060	647.202	234.121.856
Other comprehensive income	-	-	141.656	-	141.656
Profit for the year	-	-	-	121.234.723	121.234.723
Total comprehensive income	-	-	141.656	121.234.723	121.376.379
Contribution in cash	129.352.500	-	-	-	129.352.500
Integration of capital	32.221.802	-	(32.221.802)	-	-
Balance as of Mar 31, 2017	**359.244.073**	**1.853.823**	**1.870.914**	**121.881.925**	**484.850.735**
Other comprehensive income	**-**	**-**	**16.682.306**	**-**	**16.682.306**
Profit for the year	**-**	**-**	**-**	**378.218.439**	**378.218.439**
Total comprehensive income	**-**	**-**	**16.682.306**	**378.218.439**	**394.900.745**
Dividend	**-**	**-**	**-**	**(99.088.500)**	**(99.088.500)**
Legal reserve	**-**	**6.061.736**	**-**	**(6.061.736)**	**-**
Other changes in retained earnings during the period	**-**	**-**	**(12.659.110)**	**12.659.110**	**-**
Balance as of Mar 31, 2018	**359.244.073**	**7.915.559**	**5.894.110**	**407.609.238**	**780.662.980**

See accompanying notes to financial statements.

Statement of Cash Flows for the years ended March 31, 2018

(Uruguayan Pesos)

	Note	For Year ended March 31, 2018	For Year ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income		**378.218.439**	121.234.723
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	9	**158. 000.998**	78.237.282
Income tax expense	22	**23.140.936**	31.294.030
Deffered tax expense	22	**(12.269.459)**	(190.821)
Disposal of property, plant and equipment	17	**69.718**	-
Interest income	18	**(95.596)**	(24.863)
Finance interest	19	**8.054.008**	4.176.715
Net change in:			-
Trade receivables		**(58.926.119)**	77.018.844
Unbilled revenues		**(17.243.510)**	-
Other financial assets (current and non-current)		**646.964**	24.863
Other assets (current and non-current)		**(54.747.299)**	(87.303.450)
Trade and other payables		**(263.121.697)**	(179.965.676)
Other financial liabilities (current)		**(989.520)**	-
Unearned and deferred revenues		**18.316.107**	-
Employee benefit obligations		**7.255.358**	-
Other liabilities (current and non-current)		**32.030.241**	(59.497.039)
Provisions		**1.450.295**	-
Deferred tax		**(548.454)**	427.131
Income tax payable		**33.125.362**	-
Cash generated from operations		**252.366.767**	(14.568.261)
Net cash provided by operating activities		**252.366.767**	(14.568.261)
CASH FLOWS FROM INVESTING ACTIVITIES:			-
Purchase of property and equipment		**(190.378.174)**	(343.084.621)
Dividends received		**4.470.610**	4.236.173
Net cash used in investing activities		**(185.907.564)**	(338.848.448)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Short term borrowings (net)		**84.400.693**	114.176.000
Repayment of long term borrowings		**(201.930.006)**	(9.715.215)
Interest paid		**(8.809.008)**	(4.176.715)
Dividends paid		**(99.088.500)**	-
Contribution in cash		**-**	129.352.500
Net cash used in financing activities		**(225.426.821)**	229.636.570
Net change in cash		**(158.967.618)**	(123.780.139)
Effect of foreign exchange on cash		**16.635.811**	5.481.713
Cash and cash equivalents, beginning of the year		**289.580.066**	407.878.492
Cash and cash equivalents, end of the year		**147.248.259**	289.580.066

See accompanying notes to financial statements.

Notes forming part of the Financial Statements

1. BASIC INFORMATION ABOUT THE COMPANY

1. Legal nature

TCS Solution Center S.A. (the "Company") is a private company and user of the tax free zone according to Law 15.921, located in República Oriental del Uruguay (R.O.U.). Its offices and headquarters are situated in Zonamerica, on Ruta 8 Km. 17.500, Montevideo.

The Company has a branch office offshore, TCS Solution Center (Colombia Branch) in Bogotá D.C., incorporated on August 15, 2006 in accordance with Colombian law.

These financial statements have been consolidated with such branch.

2. Main activity

The Company's main activities are the development of software, and provision of IT services within the Tax free zone and offshore.

2. FINANCIAL STATEMENTS

The financial statements have been approved by the Entity´s Management for their issuance on

May 18th, 2018 and will be submitted to the Shareholders meeting for approval.

3. MAIN ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") adopted by the International Accounting Standards Board (IASB), translated into Spanish, and interpretations prepared by the Interpretations Committee of the International Financial Reporting Standards or the previous Interpretations Committee, in accordance with the Appropriate Accounting Standards in Uruguay pursuant to Decrees 291/014, 292/014 and 124/011.

The significant accounting policies which have been adopted for the preparation of these financial statements are as follows:

a. Preparation basis

The financial statements have been prepared, in general, on the basis of their historical cost. Consequently, except for the mentioned in Note 3.i, assets, liabilities, income and expenses are valued at the amounts actually agreed upon for the original transaction.

b. Functional currency and presentation currency

Company's management deems that the Uruguayan peso is the Company´s functional currency, as it is the currency of the primary economic environment in which the Company operates.

c. Definition of capital to be maintained

Income for the year has been considered as the difference that arises when comparing the equity at closing and beginning balances, after excluding increases and decreases from capital contributions and earning distributions. For the purpose of determining the year's results, all amounts involved in equity changes are expressed in Uruguayan pesos.

No special provision has been made to take into account the likely coverage that may have been deemed fit in order to maintain the operating capacity of assets.

d. Revenue recognition

Revenues have been calculated based on the selling price of the services provided to third parties during the year. Cost of sales represents the amount of money the Company has paid or comprised to pay for rendering such services. Administrative and sales expenses and financial results susceptible of being allocated to periods have been recorded following such criteria.

Revenue from contracts priced on a time and material basis is recognised as services are rendered and as related costs are incurred.

Revenue from software development contracts, which are generally time bound fixed price contracts, is recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognised when probable. Revenue in excess of billings is recognised as unbilled revenue in the statement of financial position; to the extent billings are in excess of revenue recognised, the excess is reported as unearned and deferred revenue in the statement of financial position.

Notes forming part of the Financial Statements

e. Cash and cash equivalents

For the purpose of preparing the Cash flow statement, the Company defined cash and cash equivalents as cash.

f. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are valued at their historical costs restated until the fiscal year ended at March 31st, 2011. The acquisitions made after the date before mentioned, are at their historical cost. The cost of improvements that extend the useful lives of the assets or increase its production capacity is capitalized. Maintenance costs are expensed. Depreciation is calculated on these values based on the straight-line method based on their estimated useful lives.

The useful lives are as follows:

Leasehold improvements	Term of contract
Furniture and fixtures	5 years
Computer equipment's	4 years
Office equipments	4 years
Electrical installations	5 years
Software	3 years or term of license as appropriate

Profits or losses arising from the abandonment or disposal of an element from Property, plant and equipment and intangible assets should be calculated as the difference between the net amount expected to be obtained from the sale, if any, and the carrying amount of the asset and should be recognized as profit or loss in the income statement.

g. Impairment loss of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater between the fair value less the costs for sale and the value in use. The value in use is the current value of estimated cash flows, expected to derive from continued operation of the asset over its useful life,as well as its disposition or writing off. In order to determine the value in use, projected cash flows are discounted at their current value using a discount rate before taxes, reflecting the market's current evaluation over the cash temporary value and the specific risks of the asset under evaluation.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an Impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years.

h. Investments in other companies

Investments in other companies are valued at cost.

i. Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Notes forming part of the Financial Statements

The following is a breakdown of the exchange rates of the main foreign currency operated by the Company respect to Uruguayan Pesos, at the average and closing date of the financial statements:

	Average		Closing	
Notes	**Mar 31, 2018**	Mar 31, 2017	**Mar 31, 2018**	Mar 31, 2017
U.S. Dollar	**28,68**	29,40	**28,39**	28,54
Canadian Dollar	**22,36**	22,37	**21,98**	21,45
Mexican Peso	**1,55**	1,53	**1,55**	1,52
Argentinean Peso	**1,64**	1,95	**1,41**	1,85
Euro	**33,58**	32,22	**34,95**	30,44
Colombian Peso	**0,01**	0,01	**0,01**	0,01
Great Britain Pounds	**38,04**	38,46	**39,97**	35,73
Indian Rupee	**0,44**	0,44	**0,44**	0,44

j. Taxes

TCS Solution Center S.A. is exempted of income tax for being user of the Tax free zone in accordance with law 15.921.

TCS Colombia branch is tax by CREE´s Income tax at a 9% and by a current Income tax at a 25%.

k. Financial instruments

Financial assets and liabilities are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the financial instrument.

Accounts receivable

Accounts receivable are expressed at their nominal value adjusted according to the provisions corresponding to estimated bad debts.

Financial liabilities and equity

The instruments of financial liabilities and equity are classified pursuant to the substance of the agreed upon agreements and with the definitions of financial liabilities and capital instruments. The economic substance of a financial instrument, above its legal form, is what will guide the classification to be given in the balance. The accounting policies adopted for specific financial liabilities and equity instruments are set out in the following paragraphs.

Accounts payable

Accounts payable are expressed at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at their historical costs in Uruguayan pesos, net of direct issuance costs.

l. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid 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.

m. Consistency of accounting criteria

The criteria applied in the valuation of assets and liabilities, as well as, the computation of net income are consistent with such applied on the fiscal year ended March 31, 2017.

n. Use of estimates

The preparation of financial statements requires that management make certain estimates and assumptions that affect the value of recorded assets and liabilities, contingent assets and liabilities disclosed as of balance sheet date and revenues and costs recognized during the fiscal year.

Significant estimates and assumptions have been made regarding depreciations, deferred tax, recoverable value of long term assets and allowances.

Actual results may differ from these estimates and evaluations made at the date of preparation of this financial statements.

o. Recent accounting standards

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 15	Revenue from Contracts with Customers[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRS 16	Leases[2]
IFRS 9 (2014)	Financial Instruments[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Annual improvements — 2015-2017 cycle	IFRS 3 Business combinations, IFRS 11 Joint Arrangements IAS 12 Income Taxes, IAS 23 Borrowing costs[2]

[1] Effective for annual periods beginning on or after January 1, 2018.

[2] Effective for annual periods beginning on or after January 1, 2019.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. In April 2016, the IASB issued clarifications to IFRS 15 in relation to identification of performance obligations, principal versus agent considerations as well as licensing application guidance.

IFRIC 22 – Foreign Currency Transactions and advance consideration

On December 8, 2016, the International Accounting Standards Board issued IFRIC 22 which clarifies the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

IFRS 16 – Leases

On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS 16, Leases. IFRS 16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize right to use asset and a corresponding liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

IFRS 9 – Financial Instruments

In July 2014, The International Accounting Standards Board (IASB) has published the final version of IFRS 9 'Financial Instruments' bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. This version adds a new

Notes forming part of the Financial Statements

expected loss impairment model and limited amendments to classification and measurement for financial assets. The Standard supersedes all previous versions of IFRS 9.

IFRIC 23- Uncertainty over Income Tax Treatments

On June 7, 2017, the International Accounting Standards Board issued IFRIC 23 which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

Annual improvements — 2015-2017 cycle

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control/ joint control of a business that is a joint operation.
- IAS 12 Income Taxes — an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The Company is in the process of evaluating the impact of the new standard.

  IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

  In all cases, the Company will apply the new standards in the first year in which they are in force. Company´s management is in the process of evaluating the impact of the new standards and estimates that the application of this modification will not have a significant impact in the financial statements.

4. CASH AND CASH EQUIVALENTS

(Uruguayan Pesos)

	As of Mar 31, 2018	As of Mar 31, 2017
Current account balances with banks	**147.248.259**	289.580.065
Total	**147.248.259**	289.580.065
Held outside India	**147.248.259**	289.580.065
Total	**147.248.259**	289.580.065

5. TRADE RECEIVABLES

(Uruguayan Pesos)

	As of Mar 31, 2018	As of Mar 31, 2017
Trade receivables - gross	**364.611.551**	312.764.158
Less: Provision for volume discount	**(5.100.252)**	(12.178.978)
Total	**359.511.299**	300.585.180

Trade and other receivables include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Company has not recognized an allowance for doubtful debts because they correspond to balances with related parties that are considered as recoverable.

Notes forming part of the Financial Statements

Aging of trade receivables:

(Uruguayan Pesos)

	As of Mar 31, 2018	As of Mar 31, 2017
Not Due	**219.562.437**	58.238.955
Overdue 1 to 90 Days	**89.811.280**	40.562.280
Overdue 91 to 180 Days	**28.346.136**	98.594.197
Overdue 181 to 360 Days	**5.282.551**	79.561.830
Overdue 360 Days	**16.508.895**	23.627.918
Total past-due portfolio	**359.511.299**	300.585.180

6. OTHER FINANCIAL ASSETS

(Uruguayan Pesos)

	As of Mar 31, 2018	As of Mar 31, 2017
Other current financial assets		
Others	**2.610**	-
Total	**2.610**	-
Other non-current financial assets		
Deposits for premises	**783.334**	1.337.312
Total	**783.334**	1.337.312

7. OTHER ASSETS

(Uruguayan Pesos)

	As of Mar 31, 2018	As of Mar 31, 2017
Other current assets		
Prepaid expenses	**71.795.893**	67.066.348
Advance to suppliers	**5.642.765**	4.791.096
Indirect tax recoverabl e	**72.245.629**	27.911.496
Prepaid Rent-Others	**678.251**	-
Employee advances	**15.457.456**	11.589.467
Other current assets	**304.931**	19.219
Total	**166.124.925**	111.377.626

8. INVESTMENTS

(Uruguayan Pesos)

	As of Mar 31, 2018	As of Mar 31, 2017
Investments carried at cost		
Fully paid equity shares		
Investments in subsidiaries		
i. Tata Consultancy Services De México S.A. De C.V	**906**	906
Total Investments - Non current	**906**	906

Notes forming part of the Financial Statements

9. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The evolution of the balances is detailed below:

(Uruguayan Pesos)

	Leasehold improvements	Computer equipments	Furniture and fixtures	Office equipments	Electrical Installations	Total
Gross block as of Mar 31, 2017	**112.687.346**	**432.465.297**	**11.685.249**	**8.074.740**	**18.010.776**	**582.923.408**
Purchases (*)	**-**	**193.759.311**	**258.389**	**528.103**	**4.020**	**194.549.823**
Disposals	**-**	**(36.057)**	**-**	**-**	**-**	**(36.057)**
Effect of foreign currency translations	**1.130.722**	**8.442.185**	**138.029**	**80.051**	**358.393**	**10.149.380**
Gross block as of Mar 31, 2018	**113.818.068**	**634.630.736**	**12.081.667**	**8.682.894**	**18.373.189**	**717.516.554**
Accumulated depreciation as of Mar 31, 2017	**73.420.175**	**99.291.399**	**8.960.860**	**4.888.588**	**5.529.638**	**192.090.660**
Depreciation for the year	**15.341.662**	**137.450.142**	**1.273.217**	**1.613.069**	**1.762.771**	**157.440.861**
Effect of foreign currency translations	**1.140.919**	**6.437.646**	**131.962**	**78.872**	**167.734**	**7.957.133**
Accumulated depreciation as of Mar 31, 2018	**89.902.756**	**243.179.187**	**10.366.039**	**6.580.529**	**7.460.143**	**357.488.654**
Net carrying amount as of Mar 31, 2018	**23.915.312**	**391.451.549**	**1.715.628**	**2.102.365**	**10.913.046**	**430.097.900**
Capital work-in-progress (including capital advances)	**-**	**188.102**	**-**	**-**	**-**	**188.102**
Total						**430.286.002**
Gross block as of Mar 31, 2016	97.389.706	94.371.957	11.346.409	7.845.002	19.232.591	230.185.665
Purchases (*)	333.100	360.012.411	-	471.916	-	360.817.427
Disposals	(237.760)	(17.495.046)	-	-	-	(17.732.806)
Effect of foreign currency translations	15.202.300	(4.424.025)	338.840	(242.178)	(1.221.815)	9.653.122
Gross block as of Mar 31, 2017	112.687.346	432.465.297	11.685.249	8.074.740	18.010.776	582.923.408
Accumulated depreciation as of Mar 31, 2016	52.416.278	37.224.688	7.195.420	3.056.114	3.961.502	103.854.002
Disposals	(158.632)	-	-	158.632	-	-
Depreciation for the year	10.403.718	62.164.925	1.310.434	1.605.654	1.763.606	77.248.337
Effect of foreign currency translations	10.758.813	(98.214)	455.006	68.188	(195.470)	10.988.323
Accumulated depreciation as of Mar 31, 2017	73.420.175	99.291.399	8.960.860	4.888.588	5.529.638	192.090.660
Net carrying amount as of Mar 31, 2017	39.267.171	333.173.898	2.724.389	3.186.152	12.481.138	390.832.748
Capital work-in-progress (including capital advances)	-	3.066.369	8.415	42.849	1.242.118	4.359.751
Total						395.192.499

(*) Purchases of property plant and equipment amounted $ 190.378.174 Uruguayan Pesos as of March 31, 2018 ($ 343.084.621 Uruguayan pesos as of March 31, 2017) and reclassifications from capital work-in-progress amounted to $ 4.171.649 ($ 17.732.806 Uruguayan pesos as of March 31st, 2017).

Notes forming part of the Financial Statements

Intangible assets

(Uruguayan Pesos)

	Software Licences
Gross block as of Mar 31, 2017	**14.269.337**
Effect of foreign currency translations	**259.109**
Gross block as of Mar 31, 2018	**14.528.446**
Accumulated depreciation as of Mar 31, 2017	**13.481.884**
Amortization for the year	**560.137**
Effect of foreign currency translations	**262.447**
Accumulated depreciation as of Mar 31, 2018	**14.304.468**
Net carrying amount as of Mar 31, 2018	**223.978**
Gross block as of Mar 31, 2016	14.590.419
Effect of foreign currency translations	(321.082)
Gross block as of Mar 31, 2017	14.269.337
Accumulated depreciation as of Mar 31, 2016	12.686.143
Amorti za ti on for the yea r	988.945
Effect of foreign currency translations	(193.204)
Accumulated depreciation as of Mar 31, 2017	13.481.884
Net carrying amount as of Mar 31, 2017	787.453

10. EQUITY

Paid in capital corresponds to 359.244.073 shares with a nominal value of $ 1 Uruguayan pesos each.

As of March 31, 2017, the Shareholder of the Company, TCS Iberoamerica, determined to make a cash contribution of 129.352.500 (equivalent to USD 4.500.000), approved on December 20th, 2016. According to article 287 of Law 16.060, the Company has also capitalized UYU 32.221.802 (equivalent to USD 1.128.847) related to the balance of Equity adjustments at the date of the contribution.

On April 14, 2017 it was determined to constitute the legal reseve for a total of $ 6.061.736.

On March 27, 2018 it was determined to distribute dividends in advanced for a total of $ 99.088.500 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

11. TRADE PAYABLES

(Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Trade payables - gross	**252.282.409**	492.440.348
Trade payables	**252.282.409**	492.440.348
Accrued expenses	**21.001.967**	16.354.179
Total	**273.284.376**	508.794.527

Notes forming part of the Financial Statements

12. BORROWINGS

On December 19th, 2014 TCS Solution Center S.A. received a loan from TCS Chile of USD 2.000.000 to be paid as requirement of the lender with an annual rate of 4,5%. This loan was cancelled as at March 31, 2018.

In addition to this, TCS Solution Center S.A. had a liability related to a loan received by TCS Solution Center S.A. from TCS México in September 21st, 2015 of USD 5.000.000 of which as at March 31, 2017 was pending of payment USD 1.000.000. This loan was cancelled as at March 31, 2018.

Moreover, TCS Colombia received a loan in March and December 2017 from TCS México of USD 4.000.000 and USD 3.000.000 respectively. Both loans have an annual interest rate 4,5 % and are required to be cancelled within 12 months.

Short-term borrowings

(Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Loans from related parti es	**84.400.693**	200.508.931
Total	**84.400.693**	200.508.931
Unsecured	**84.400.693**	200.508.931
Total	**84.400.693**	200.508.931

13. OTHER FINANCIAL LIABILITIES

(Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Accrued interest	**89.032**	-
Capital Creditors	**-**	1.048.793
Security deposits -Current	**1.037.679**	1.067.438
Total	**1.126.711**	2.116.231

14. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations - Current

(Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Benefits to employees	**72.129.765**	65.817.013
Accrued Payroll	**32.779.628**	32.364.823
Other employee benefit obligations	**527.801**	-
Total	**105.437.194**	98.181.836

Notes forming part of the Financial Statements

15. OTHER LIABILITIES

(Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Indirect tax payable and otherstatutory liabilities	**102.127.225**	69.769.830
Others	**7.400.945**	7.728.099
Total	**109.528.170**	77.497.929

16. EXPENSES BY NATURE

(Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Employee benefits expenses	**1.326.557.845**	1.276.102.002
Fees to External consultants	**15.081.460**	29.038.863
Facility Running Expenses	**100.878.519**	120.880.404
Depreciation and amortisation expense	**158.000.998**	78.237.282
Travel Expenses	**32.856.346**	40.537.911
Communication	**29.765.988**	54.184.408
Cost of equipment and software licenses	**15.369**	(6.156.336)
Other Expenses	**627.063.689**	684.718.659
	2.290.220.214	2.277.543.193

17. OTHER GAINS (NET)

(Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Gain/(loss) on disposal of property, plant and equipment	**(69.718)**	-
Others	**3.659.191**	5.596.853
Total	**3.589.473**	5.596.853

Notes forming part of the Financial Statements

18. FINANCE AND OTHER INCOME

(Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Dividends received - Subsidiaries	**4.470.610**	4.236.173
Interest revenue - Bank deposits	**-**	24.863
Interest revenue - Other Deposits	**95.596**	-
Total	**4.566.206**	4.261.036

19. FINANCE COSTS

(Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Other interest expenses	**(8.054.008)**	(4.176.715)
Net foreign excha nge gains I (losses)	**(1.457.567)**	(5.256.732)
Total	**(9.511.575)**	(9.433.447)

20. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of buildings with lease terms between 1 – 10 years. The Company does not have an option to purchase the buildings at the expiry of the lease periods.

20.1 Payments recognized as an expense

(Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Minimum lease payments	**304.079.281**	339.402.500
Total	**304.079.281**	339.402.500

20.2 Non-cancellable operating leases commitments

(Uruguayan Pesos)

	As at March 31, 2018	As at March 31, 2017
Not later than one year	**223.055.402**	304.965.838
Later than one year but not later than five years	**276.472.449**	491.495.147
Later than five years	**-**	2.226.432
	499.527.851	798.687.417

21. RELATED PARTIES

The Company has carried out transaction during the year and maintains, at yearend, balances with related parties whose nature and amounts are exposed below:

Balances receivable from related parties

(Uruguayan Pesos)

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
	As of March 31, 2018				
Trade receivables, unbilled revenue and other					
Financial assets	**-**	**-**	**14.531.548**	**117.678.551**	**132.210.099**
Investments	**-**	**-**	**-**	**906**	**906**
Total			**14.531.548**	**117.679.457**	**132.211.005**
	As of March 31, 2017				
Trade receivables, unbilled revenue and other					
Financial assets	-	-	20.716.877	83.078.881	103.795.758
Investments	-	-	-	906	906
Total	-	-	20.716.877	83.079.787	103.796.664

Balances payable to related parties

(Uruguayan Pesos)

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
	As of March 31, 2018				
Trade payables, Unearned Revenue and Other					
Financial liabilities	**6.643.823**	**-**	**16.403.682**	**197.028.504**	**220.076.009**
Borrowings	**-**	**-**	**-**	**84.400.693**	**84.400.693**
Total	**6.643.823**	**-**	**16.403.682**	**281.429.197**	**304.476.702**
	As of March 31, 2017				
Trade payables, Unearned Revenue and Other					
Financial liabilities	4.253.899	-	179.587.585	203.481.227	387.322.711
Borrowings	**-**	**-**	**-**	200.508.931	200.508.931
Total	4.253.899	-	179.587.585	403.990.158	587.831.642

Notes forming part of the Financial Statements

Transactions with related parties

(Uruguayan Pesos)

	With Tata Sons Limited, ultimate parent company	With subsidiaries and associates of Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
	Year ended March 31, 2018				
Revenue from Sales of services and Licenses	**-**	**-**	**15.092.011**	**743.323.504**	**758.415.515**
Dividend Income	**-**	**-**	**-**	**4.470.610**	**4.470.610**
Other income	**-**	**-**	**-**	**8.559**	**8.559**
Purchases of goods and services	**-**	**-**	**220.839.348**	**64.757.789**	**285.597.137**
Brand equity contribution	**6.554.028**	**-**	**-**	**-**	**6.554.028**
Dividend paid	**-**	**-**	**-**	**99.088.500**	**99.088.500**
Interest Expense	**-**	**-**	**-**	**6.084.176**	**6.084.176**
Total	**6.554.028**	**-**	**235.931.359**	**917.733.138**	**1.160.218.525**
	Year ended March 31, 2017				
Revenue from Sales of services and Licenses	-	-	4.174.103	768.504.145	772.678.248
Dividend Income	-	-	-	4.236.173	4.236.173
Other income	-	-	-	-	-
Purchases of goods and services	-	-	193.522.511	113.264.450	306.786.961
Brand equity contribution	-	-	-	-	-
Dividend paid	-	-	-	-	-
Interest Expense	-	-	-	4.059.775	4.059.775
Total	-	-	197.696.614	890.064.543	1.087.761.157

Remuneration to the Board

The members of the Company's board are not remunerated for carrying out their duties.

Notes forming part of the Financial Statements

22. INCOME TAX

22.1 Income tax expense

(Uruguayan Pesos)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current income tax expens e		
Domestic	**223.531**	358.961
Overseas	**22.917.405**	30.935.069
	23.140.936	31.294.030
Deferred income tax expense / (benefit)		
Domestic	**(12.269.459)**	(190.821)
	(12.269.459)	(190.821)
Total income tax expense	**10.871.477**	31.103.209

22.2 Reconciliation of income tax and book net income

(Uruguayan Pesos)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Income before income taxes	**389.089.916**	152.337.932
Federal tax rate Uruguay	**0%**	0%
Expected income tax expense	**-**	-
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Branch income tax	**22.917.405**	31.089.874
Deferred Tax	**(12.269.459)**	(198.473)
Other Permanent differences :		
WHT on dividends	**223.531**	211.808
Total income tax expense	**10.871.477**	31.103.209

22.3 Assets and liabilities for deferred income tax

Assets and liabilities for deferred income tax have been offset.

The opening of deferred income tax account's balances before being offset is presented below:

(Uruguayan Pesos)

	Year ended Mar 31, 2017	Recognised / reversed through profit or loss	Unrealized translation adjustment	Year ended Mar 31, 2018
Originated by:				
Property, plant and equipment	**-**	**8.448.757**	**-**	**8.448.757**
Operating loss carryforward	**-**	**3.820.702**	**-**	**3.820.702**
Provisions	**6.280.188**	**-**	**548.454**	**6.828.642**
	6.280.188	**12.269.459**	**548.454**	**19.098.101**

	Year ended Mar 31, 2016	Recognised / reversed through profit or loss	Unrealized translation adjustment	Year ended Mar 31, 2017
Originated by:				
Provisions	6.516.498	190.821	(427.131)	6.280.188
	6.516.498	190.821	(427.131)	6.280.188

Notes forming part of the Financial Statements

23. FINANCIAL RISK MANAGEMENT

Exchange rate risk

Exchange rate risk is determined by the exposure of the Company to foreign currency fluctuation, detailed as follows:

March 31, 2018

	USD	CAD	MXN	ARS	EUR	COP	GBP	INR	Equivalent $
Assets:									
Cash and cash equivalents	**1.501.579**	**-**	**-**	**-**	**-**	**10.339.670.883**	**-**	**-**	**147.058.993**
Trade receivables	**5.563.986**	**159.033**	**5.398.159**	**2.443.323**	**-**	**19.370.616.752**	**6.594**	**-**	**359.511.299**
Unbilled revenue	**3.289.683**	**-**	**-**	**-**	**-**	**3.872.224.202**	**-**	**-**	**132.500.276**
Other financial assets	**27.593**	**-**	**-**	**-**	**-**	**258.440**	**-**	**-**	**785.944**
Other assets	**-**	**-**	**-**	**-**	**-**	**15.836.657.528**	**-**	**-**	**161.229.236**
Total	**10.382.841**	**159.033**	**5.398.159**	**2.443.323**	**-**	**49.419.427.805**	**6.594**	**-**	**801.085.748**
Liabilities:									
Trade payables	**3.720.084**	**7.389**	**26.692**	**-**	**-**	**15.293.389.305**	**-**	**-**	**260.161.794**
Borrowings	**2.973.007**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**84.400.693**
Other financial liabilities	**3.136**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**89.032**
Other liabilities	**408**	**-**	**-**	**-**	**-**	**12.751.642.649**	**-**	**152.107**	**128.869.426**
Total	**6.696.635**	**7.389**	**26.692**	**-**	**-**	**28.045.031.954**	**-**	**152.107**	**473.520.945**
Net exposure asset / (liability)	**3.686.206**	**151.644**	**5.371.468**	**2.443.323**	**-**	**21.374.395.851**	**6.594**	**(152.107)**	**327.564.803**

March 31, 2017

	USD	CAD	MXN	ARS	EUR	COP	GBP	INR	Equivalent $
Assets:									
Cash and cash equivalents	4.750.530	-	-	-	-	15.518.547.427	-	-	289.232.750
Trade receivables	4.409.721	120.222	1.215.132	2.356.563	20.610	16.695.836.411	-	-	300.585.180
Unbilled revenue	1.162.103	-	-	28.331	-	8.302.816.496	-	(374.479)	115.256.765
Other financial assets	46.851	-	-	-	-	-	-	-	1.337.312
Other assets	7.253	-	-	-	-	10.533.189.820	207.029	-	104.485.608
Total	10.376.458	120.222	1.215.132	2.384.894	20.610	51.050.390.154	207.029	(374.479)	810.897.615
Liabilities:									
Trade payables	12.143.456	22.452	25.748	-	-	17.098.690.999	3.674	-	484.187.096
Borrowings	7.009.630	-	-	-	-	-	-	-	200.082.867
Other financial liabilities	14.558	-	-	-	-	85.181.461	-	-	1.258.840
Other liabilities	-	-	-	-	-	9.807.120.586	-	-	97.090.494
Total	19.167.644	22.452	25.748	-	-	26.990.993.046	3.674	-	782.619.297
Net exposure asset / (liability)	(8.791.186)	97.770	1.189.384	2.384.894	20.610	24.059.397.108	203.355	(374.479)	28.278.318

Notes forming part of the Financial Statements

The Company is mainly exposed to changes in the rate of the US Dollar. The following table shows the sensitivity of the foreign currency position if: there is a devaluation scenario of 20% or an appreciation scenario of 20% for the exchange rate of the US Dollar and Colombian peso against the Uruguayan peso.

(Figures expressed in Uruguayan pesos)

	2018	2017
Sensitivity over US Dollar		
Scenario 1 Devaluation		
Loss	**(20.929.540)**	(50.187.123)
Scenario 2 Appreciation		
Profit	**20.929.540**	50.187.123

Sensitivity over Colombian Peso	**2018**	2017
Scenario 1 Devaluation		
Loss	**(43.176.280)**	(47.637.606)
Scenario 2 Appreciation		
Profit	**43.176.280**	47.637.606

Interest risk

The Company does not hold significant commercial or financial assets or liabilities subject to the change in the interest rate, because the loans to related parties were made under fix rates (Note 12).

Credit risk

The main financial assets of the Company consist of accounts receivable and related parties.

The amounts presented in the balance sheet are net of provisions for bad debts estimated by Management, based on past experience and the assessment of its current financial situation.

The Company accrues the largest concentration of its credits in the group's counterparts.

Liquidity risks

The Company is substantially financed by related parties (Note 21).

Notes forming part of the Financial Statements

24. CHANGES TO THE COMPARATIVE FIGURES

The following reconciliation shows the effect of the changes on the Company's statement of financial position as of March 31, 2017 and in the statement of profit and loss and other comprehensive income for the year ended March 31, 2017.

(Uruguayan Pesos)

	As of Mar 31, 2017	Adjustments	Reference	As of Mar 31, 2017
ASSETS:				
Current assets:				
Cash and cash equivalents	289.580.066	-		289.580.066
Trade receivables	392.680.757	(92.095.577)	(1)	300.585.180
Unbilled revenue	-	115.154.562	(1)	115.154.562
Advance income taxes (net)	-	45.723.590	(2)	45.723.590
Other assets	300.031.818	(188.654.192)	(2)	111.377.626
Total current assets	982.292.641	(119.871.617)		862.421.024
Non-current assets:				
Investments	906	-		906
Other financial assets	-	1.337.312	(2)	1.337.312
Advance income taxes (net)	-	131.693.746	(2)	131.693.746
Deferred tax assets (net)	6.280.188	-		6.280.188
Property, plant and equipment	395.192.499	-		395.192.499
Intangible assets	787.453	-		787.453
Unbilled revenue	-	102.199	(2)	102.199
Total non-current assets	402.261.046	133.133.257		535.394.303
TOTAL ASSETS	1.384.553.687	13.261.640		1.397.815.327
LIABILITIES AND EQUITY:				
Liabilities:				
Current liabilities:				
Trade payables	297.419.026	211.375.501	(3)/(4)	508.794.527
Borrowings	200.508.931	-		200.508.931
Other financial liabilities	-	2.116.231	(3)	2.116.231
Unearned and deferred revenue	-	25.700.450	(1)	25.700.450
Employee benefit obligations	-	98.181.836	(3)	98.181.836
Provisions	-	164.688		164.688
Other liabilities	233.793.025	(156.295.096)	(3)	77.497.929
Total current liabilities	731.720.982	181.243.610		912.964.592
Non-current liabilities:				
Trade payables	167.981.970	(167.981.970)	(4)	-
Total non-current liabilities	167.981.970	(167.981.970)		-
TOTAL LIABILITIES	899.702.952	13.261.640		912.964.592
Equity:				
Share Capital	359.244.073	-		359.244.073
Legal Reserves	1.853.823	-		1.853.823
Other equity	1.870.914	-		1.870.914
Retained Earnings	121.881.925	-		121.881.925
TOTAL EQUITY	484.850.735	-		484.850.735
TOTAL LIABILITIES AND EQUITY	1.384.553.687	13.261.640		1.397.815.327

Notes forming part of the Financial Statements

(Uruguayan Pesos)

	For the year ended Mar 31, 2017	Adjustments	Reference	For the year ended Mar 31, 2017 adjusted
Revenues:				
Revenue from operations	2.429.456.683	-		2.429.456.683
Total revenues	2.429.456.683	-		2.429.456.683
Cost of sales	(1.830.295.678)	1.830.295.678	(5)	-
Operating expenses:				
Employee benefits expenses	-	(1.276.102.002)	(5)	(1.276.102.002)
Depreciation and amortisation expense	-	(78.237.282)	(5)	(78.237.282)
Other operating expenses	(478.541.545)	(444.662.364)	(5)	(923.203.909)
Total operating expenses	(478.541.545)	(1.799.001.648)		(2.277.543.193)
Operating income	120.619.460	(31.294.030)		151.913.490
Other Income				
Finance income	4.261.036	-		4.261.036
Other gains (net)	340.121	5.256.732	(6)	5.596.853
Finance costs	(4.176.715)	(5.256.732)	(6)	(9.433.447)
Other Income, net	424.442	-		424.442
Profit before taxes	121.043.902			152.337.932
Income tax	(190.821)	(30.912.388)	(5)	(31.103 .209)
Profit for the year	121.234.723	30.912.388		121.234.723

(1) Reclassifications correspond to a more detailed presentation, except in the case of unearned and deferred revenue that were shown net in trade receivables.

(2) Reclassifications correspond to a more detailed presentation, except in the case of advance income taxes, net in non-current because of its nature.

(3) Reclassifications correspond to a more detailed presentation.

(4) Reclassification from trade payables non-current to current because of its nature.

(5) Reclassifications correspond to a more detailed presentation, except in the case of income tax expense that was shown as other operating expense.

(6) Reclassifications correspond to a more detailed presentation.

25. SUBSEQUENT EVENTS

There have been no events or circumstances subsequent to March 31, 2018 that could significantly affect the Company's balance sheet, operating income and cash flows.

TATA CONSULTANCY SERVICES ARGENTINA S.A.

Letter to shareholders and financial statements as of March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 and March 31, 2017

SHAREHOLDERS OF

TATA CONSULTANCY SERVICES ARGENTINA S.A.

In accordance with current legal and statutory provisions, the Board of Directors of the Company submits for your consideration the following documentation, corresponding to the fiscal year ended March 31, 2018: report, statement of assets, statement of income, statement of changes in equity net, statement of cash flows, notes 1 to 9 and appendixes I to IV, the auditor's report and the liquidator's report.

1. Main contents of the business policy and its objectives

a. Activity, background and structure of the Company.

The main activity of the Company is to commercialize and provide information systems design services.

b.Financial situation and business development

Net sales for the fiscal year ended March 31, 2018 amounted to $ 155,399,606, which represents an increase of 1% compared to net sales generated during the previous year, which amounted to $ 154,392,255. Costs have decreased by 12% while expenses suffered an increase of close to 47%. As of March 31, 2018, current assets are higher than current liabilities. Non-current assets are lower than non-current liabilities, the latter corresponding mostly to debts with related companies.

c.Decision making and internal control system.

Regarding the decision-making process, the Company is governed by the decisions adopted in meetings of the Board of Directors and Shareholders' Meeting.

Nevertheless, various mechanisms of strategic planning, administrative procedures, information and communication systems, personnel evaluation and management and quality control have been implemented, which contribute to an adequate internal control, to guarantee that the objectives will be achieved effectively and efficiently. efficiency in operations, with reliable financial information and in compliance with the laws and regulations in force.

2. Indices on the comparative financial statements.

	Description	**As at March 31, 2018**	As at March 31, 2017
1	Solvency (1)	**(0.66)**	(0.58)
2	Current liquidity (2)	**2.91**	2.88
3	Immobilization of capital (3)	**0.20**	0.17
4	Cost effectiveness (4)	**-**	-

(1) Equity / Total liabilities.

(2) Current assets / Current liabilities.

(3) Non-current assets / Total assets.

(4) Result of the exercise / Average equity.

3. Related companies (Art. 33 Law No. 19,550 and its amendments).

As described in Note 6 to the Financial Statements, the balances as of March 31, 2018 and 2017 with related companies are as follows :

Accounts Receivables	**As at March 31, 2018**	As at March 31, 2017
Current		
TCS Estados Unidos	**1,336,181**	1,237,358
TCS Netherlands B.V.	**1,465,587**	2,446,916
TCS Colombia	**138,423**	317,714
TCS México	**-**	75,066
TCS Deutschland GmbH	**2,705,182**	-
Sub Total	**5,645,373**	4,077,054
Total	**5,645,373**	4,077,054
Trade payables		
Non Current		
TCS Estados Unidos	**1,077,815**	728,462
TCS Colombia	**15,885,059**	11,257,002
TCS México	**19,776,075**	15,746,078
TCS MGDC S.C	**135,362**	32,978
TCS India	**141,461,893**	102,717,721
Sub Total	**178,336,204**	130,482,241
Total	**178,336,204**	130,482,241

4. Synthesis of comparative structures with the previous exercise.

a. Balance sheet

	As at March 31, 2018	As at March 31, 2017
Current Assets	**57,332,370**	52,591,613
Non current Assets	**14,367,770**	10,939,319
Total Assets	**71,700,140**	63,530,932
Current Liabilities	**19,691,489**	18,265,973
Non current Liabilities	**189,418,528**	131,682,370
Total Liabilities	**209,110,017**	149,948,343
Shareholders Equity	**-137,409,877**	-86,417,411
Total Liabilities + Shareholders Equity	**71,700,140**	63,530,932

b. Profit and Loss

	As at March 31, 2018	As at March 31, 2017
Revenue	**155,399,606**	154,392,255
Cost of Revenue	**106,090,836**	120,395,002
Gross Profit	**49,308,770**	33,997,253
Selling expenses	**7,096,302**	6,937,677
Administrative expenses	**53,240,256**	39,720,380
Operating Expenses	**15,636,218**	17,475,534
Other net income	**8,742**	174,030
Financial gains/losses	**24,319,718**	4,197,880
Loss before income tax	**50,992,466**	34,160,188
Income tax	-	-
Loss for the year	**50,992,466**	34,160,188

c. Cash flow

	As at March 31, 2018	As at March 31, 2017
Cash at the begining of the year	**19,011,746**	17,278,639
Operating activities	**2,438,794**	1,733,107
Investing activities	**426,229**	
Financial activities		
Cash at year end	**21,024,311**	19,011,746
Net increase in cash	**2,012,565**	1,733,107

5. Result of the exercise

In relation to the result of the year under consideration, the Company obtained a net loss of $ 50,992,466. In view of the accumulated negative results of the last years, the company is in the situation of dissolution due to loss of the social capital provided for in art. 94 inc 5 of Law 19,550 corresponding accordingly to the Shareholders of the company to resolve the conduct to be adopted before it and particularly, as provided in art. 96 of that law of societies.

6. Remuneration of Directors and Trustees.

The members of the Board of Directors and the Trustees have communicated, as in previous years, their decision not to receive any remuneration for their performance during the year under analysis, in each of their respective positions, with the exception of Alberto Arana who is they have assigned fees for their services to the Company during the year.

7. Perspectives and Objectives of the Company for the New Year.

The prospects for the current year are encouraging, considering the substantial improvement in the individual results of each project.

Finally, we express our gratitude to the customers, suppliers, advisors and financial entities that have supported us and especially to all our staff for the commitment and collaboration shown.

Autonomous City of Buenos Aires, May 3, 2018

Financial statements for the fiscal year No.17 beginning April 1, 2017 and ended March 31, 2018, comparative with the prior year

Stated in pesos

Legal address: Uspallata 3046, City of Buenos Aires

Main activity: Services in the information technology.

Date of registration with the Public Registry of Commerce: November 29, 2001

Date of registration of the latest amendment to the bylaws: August 28, 2009

Registration with the Supervisory Board of Companies (I.G.J.): 1702305

Expiration date of the Corporation: November 29, 2100

Parent Company's information (Note 5):

Name: TCS Iberoamérica S.A.

Legal address: Ruta 8 Km 17500, Montevideo, Uruguay

Main activity: IT services, BPO consulting and services to clients in Argentina, Brazil, Chile, Uruguay, Mexico, Portugal and Spain. It operates global delivery centers in Brazil and Uruguay and maintains a global BPO services center in Chile.

Ownership interest: 99.99%

Voting stock: 99.99%

Capital Structure (Note 5):

Amount	Shares Type nominal value and No. of votes per share	**Subscribed and paid in**	Inscribed
42,127,767	Non endorsable, registered, common shares with a nominal value of $1 each, one vote per share	**42,127,767**	42,127,767

Statement of Financial Position as at March 31, 2018 and March 31, 2017

(ARS)

	Note	**As at March 31, 2018**	As at March 31, 2017
ASSETS:			
Current assets:			
Cash and banks	3.1	**21,024,311**	19,011,746
Accounts receivable	3.2	**32,181,829**	30,383,092
Other receivables	3.3.1	**4,126,230**	3,196,775
Total current assets		**57,332,370**	52,591,613
Non-current assets:			
Other receivables	3.3.2	**13,181,431**	9,273,109
Fixed assets	2.3.4 and Exhibit I	**1,186,339**	1,666,210
Total non-current assets		**14,367,770**	10,939,319
TOTAL ASSETS		**71,700,140**	63,530,932
LIABILITIES AND EQUITY:			
Liabilities:			
Current liabilities:			
Payables			
Trade	3.1	**4,480,177**	1,631,355
Payroll and social security contributions	3.5	**12,504,608**	14,657,329
Taxes payable	3.6	**1,890,157**	1,056,854
Other liabilities	3.7	**816,547**	920,435
Total accounts payable and current liabilities		**19,691,489**	18,265,973
NON CURRENT LIABILITIES			
Trade	3.4.2	**177,730,878**	130,482,241
Allowances	2.3.5	**11,687,650**	1,200,129
Total non current liabilities		**189,418,528**	131,682,370
TOTAL LIABILITIES		**209,110,017**	149,948,343
SHAREHOLDERS' EQUITY	1	**(137,409,877)**	(86,417,411)
Total liabilities and shareholders' equity		**71,700,140**	63,530,932

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

Statement of Profit or Loss for the fiscal year ended March 31, 2018 and March 31, 2017

(ARS)

	Note	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Revenue from services	4.1	**155,399,606**	154,392,255
Cost of services		**(106,090,836)**	(120,395,002)
GROSS PROFIT		**49,308,770**	33,997,253
Selling expenses		**(7,096,302)**	(6,937,677)
Administrative expenses		**(53,240,256)**	(39,720,380)
Operating expenses (Exhibit IV)		**(15,636,218)**	(17,475,534)
Financial gains/losses	4.2	**(24,319,718)**	(4,197,880)
Other net (expenses) income		**(8,742)**	(174,030)
LOSS BEFORE INCOME TAX		**(50,992,466)**	(34,160,188)
Current income tax expense/benefit	7	**-**	-
LOSS FOR THE YEAR		**(50,992,466)**	(34,160,188)

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

Statement of changes in Equity for the year ended March 31, 2018 and March 31, 2017

(ARS)

	Share capital	Legal reserve	Retained earnings	Total equity
Balances at beginning of year	42,127,767	128,545,178	86,417,411	52,257,223
Net loss	-	50,992,466	50,992,466	(34,160,188)
Balances at year-end	**42,127,767**	**179,537,644**	**137,409,877**	**86,417,411**

The accompanying notes and exhibits are an integral part of these financial statements

Statement of Cash Flows for the year ended March 31, 2018 and March 31, 2017

(ARS)

	For Year ended March 31, 2018	For Year ended March 31, 2017
CASH AT BEGINNING OF YEAR	**19,011,746**	17,278,639
Cash at year-end	**21,024,311**	19,011,746
Net increase in cash	**2,012,565**	1,733,107
CAUSES OF CHANGES IN CASH		
Operating activities		
Loss for the year	**(50,992,466)**	(34,160,188)
Adjustments to achieve net cash flows provided by operating activities:		
Depreciation of fixed assets	**902,927**	1,444,238
Proceeds from the sale of fixed assets	**3,173**	72,836
Reversal of allowances	**-**	(38,424)
Increase in allowances	**11,303,051**	-
Changes in operating assets and liabilities:		
Increase in accounts receivable	**(2,614,267)**	(6,352,357)
Increase (decrease) in other receivables amount	**(4,837,777)**	1,336,722
Increase in trade payables	**50,097,459**	38,294,933
(Decrease) increase in payroll and social security contributions	**(2,152,721)**	1,151,320
Increase (decrease) in taxes payable	**833,303**	(131,518)
(Decrease) increase in other liabilities	**(103,888)**	115,545
Net cash flows provided by operating activities	**2,438,794**	1,733,107
Investing activities		
Acquisition of fixed assets	**(426,229)**	-
Net cash flows used in investing activities	**(426,229)**	-
Net increase in cash	**2,012,565**	1,733,107

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

Notes forming part of the Financial Statements

1. DESCRIPTION OF THE BUSINESSES AND CHANGES IN THE COMPANY'S OPERATIONS

TATA Consultancy Services Argentina S.A. (hereinafter either "TATA Consultancy Services Argentina S.A." or "the Company") was duly organized under the laws of the Republic of Argentina, and its formation is documented by deed dated November 19, 2001.

The Company is mainly engaged in rendering IT services.

Its registered office is located at Uspallata 3046, City of Buenos Aires, within the Technological District of the City of Buenos Aires. Accordingly, the Company receives tax benefits as provided for by Law 2972 and Law 5234.

As of March 31, 2018, the Company disclosed a negative equity of $ 137,409,877 and an accumulate loss of $ 179,537,644. Pursuant to the provisions of section 94 of the Companies Law No. 19550, the referred situation is a ground for automatic dissolution as a consequence of capital loss. The Company's majority shareholder, TCS Iberoamérica S.A. which is also controlled by TCS India, main creditor of the Company, has expressed its intention and capacity to provide financial support and working capital for the Company to run its business normally.

2. ACCOUNTING STANDARDS

These financial statements have been prepared in accordance with the provisions of the Companies Law, the regulations of the Supervisory Board of Companies (IGJ) and the accounting standards in force in the City of Buenos Aires.

The most significant accounting standards applied by the Company are as follows:

2.1 Reporting currency

In accordance with Decree 664/2003 issued by the Argentine Executive Branch and IGJ General Resolution No. 4/2003, the Company has discontinued any inflation accounting method as from March 1, 2003.

Up to such date, the inflation accounting method set forth by Technical Resolutions of the Argentine Federation of Professional Councils of Economic Sciences (FACPCE) has been applied, using indexes derived from the Internal Wholesale Price Index (IPIM).

However, the existence of significant variations as those noted in the most recent fiscal years in the prices of the relevant variables of the economy, such as the salary cost, the prices of services, the interest rates and the exchange rates, may also impact the Company's financial position, the results of operations and cash flows and, consequently, the information provided in its financial statements. Accordingly, such variations should be considered in the interpretation of these financial statements.

2.2 Disclosure criteria

These financial statements have been prepared in accordance with the disclosure criteria set forth by Technical Resolutions of the FACPCE.

For comparative purposes necessary reclassifications were made on prior-year financial statements in order to disclose the figures on a consistent basis. The modification of the comparative information does not imply changes in the decisions taken based thereon.

2.3 Valuation criteria

The main valuation criteria applied by the Company to the preparation of the financial statements are the following:

2.3.1 Revenue recognition

Revenue derived from the sale of services is recognized in the statement of profit or loss, once the service was provided, in proportion to the percentage of completion or when the service is effectively provided, as applicable.

2.3.2 Implicit financial components

Implicit financial components included in assets, liabilities and profit and loss accounts have not been segregated because they are not considered to be material.

Notes forming part of the Financial Statements

2.3.3 Foreign currency

The assets and liabilities denominated in foreign currency and detailed in Exhibit III have been stated in Argentine pesos by applying the exchange rates prevailing at year-end.

Exchange gains/losses arising during the year have been included in the Exchange gains/losses line under Financial and holding gains/losses.

2.3.4 Fixed assets

Fixed assets have been valued at acquisition cost net of the accumulated depreciation. Additions prior to February 28, 2003 have been restated for inflation at that date. The acquisition cost includes all the necessary expenses required to bring the assets to a working condition for their intended use.

Depreciation is calculated by applying the straight line method at annual rates sufficient to extinguish assets value by the end of their estimated useful lives.

The net book value of fixed assets, taken as a homogenous group, does not exceed their estimated recoverable value based on information available at the date of issuance of these financial statements.

2.3.5 Allowances

Deducted from assets:

For bad debts: it has been set up to reduce the valuation of accounts receivable to their probable recoverable value, based on the analysis of doubtful accounts.

Included in liabilities:

For contingencies: it has been set up for contingent situations that might result in liabilities for the Company. The related amounts and likelihood of occurrence have been estimated considering expectations of Company's Management and the opinion of legal advisors.

2.3.6 Income tax

The Company applies the deferred tax method to recognize the effects for accounting purposes of the income tax. Based on such method, the future tax effect of the tax loss carryforwards and the temporary differences derived from the valuation differences of assets and liabilities for accounting and tax purposes are recognized as deferred tax assets and liabilities.

Deferred tax assets have been stated at nominal value.

Deferred tax assets are recognized for accounting purposes only to the extent of their recoverability. Therefore, the balance recorded as deferred tax assets, net of the allowance for impairment of deferred tax assets, does not exceed their recoverable value.

Note 8 to the financial statements includes the deferred tax asset detail.

On December 29, 2017, the Argentine Executive passed Law No. 27430, which introduces some amendments to the income tax law, among others. Some of the most significant amendments include the reduction in the tax rate applicable to corporations and permanent establishments to 30% for fiscal years beginning on or after January 1, 2018, and 25% for fiscal years beginning on or after January 1, 2020. In addition, the related dividends paid by these entities shall be levied at the 7% and 13% rates, respectively, as from the fiscal years indicated above.

As a consequence of the reduction in the tax rate, as from fiscal year beginning April 1, 2018, the Company shall measure its deferred assets and liabilities detailed in Note 7 to the financial statements, at the 30% or 25% rates, depending on the fiscal year in which the recognized temporary differences are expected to reverse.

2.3.7 Minimum presumed income tax

The Company determines the minimum presumed income tax (IGMP) by applying the effective 1% rate on the taxable assets at year-end. This tax is supplementary to the income tax. Therefore, the Company's tax liability for each fiscal year will be represented by the highest of both taxes. However, if IGMP exceeds income tax in a given fiscal year, such excess can be computed as a credit towards future income taxes occurring in any of the next ten fiscal years.

As of March 31, 2018, the Company has not made a provision for IGMP due to the decision to adopt during the year the jurisprudence determined for the Hermitage S.A. case. The ruling consisted of a judicial ruling issued by the Supreme Court of Justice of the Nation, in which it was considered unconstitutional the birth of the tax obligation in the Minimum Presumed Income Tax for those cases where the taxpayer is unable to compute it to account of the income tax as a result of recurrent losses. As of March 31, 2018, the Company has an accumulated balance of $ 4,326,487 as credit for IGMP. Based on the Company's estimate that it will generate taxable profits before its prescription, it has shown the aforementioned balance in Other non-current credits

2.3.8 Use of estimates

The preparation of these financial statements requires that estimates and assessments be made about the assets and liabilities recorded, the contingent assets and liabilities disclosed to the date of issuance of these financial statements as well as income and expenses recorded during the year.

The Company's management makes estimates to calculate, among others, depreciation of fixed assets, the recoverable value of assets, the income tax expense and the allowances for contingencies and bad debts.

The actual value of future results may differ from the estimates and assessments made to the date of issuance of these financial statements.

2.3.9 Profit and loss accounts

The profit and loss accounts that include monetary transactions were stated at the value of each item, without segregating implicit financial components because they are considered not to be material.

Charges related to the utilization of non monetary assets stated at acquisition cost were calculated based on the adjusted amount of such assets.

2.3.10 Optional accounting revaluation provided by Law 27,430

Law 27,430, promulgated on December 29, 2017, grants the option to entities that prepare accounting statements to implement a "revaluation of accounts" for certain assets only once in the fiscal year immediately following the entry into force of the law. The registration of this revaluation, for those who choose to apply it, is subject to the modalities imposed for it by the regulations and accounting standards.

The Professional Council of Economic Sciences of the Autonomous City of Buenos Aires (CPCECABA by its initials in Spanish) issued on March 22, 2018 Resolution 24/2018 of its Board of Directors, which approved the "Exception Rule: Attributed Cost for Certain Assets" that contains the regulations for the implementation of the optional "revaluation of accounts" in the area of the Autonomous City of Buenos Aires.

The purpose of this Resolution is to allow an entity to assign to certain assets reached a surrogate amount of its cost, which will be considered in the following its attributed cost. In the case of the assets included in the property of use heading, the attributed cost of the same will be their revalued amount, determined in accordance with the requirements foreseen for the revaluation model of the TR 17 of the FACPCE, while for the properties of investment and non-current assets held for sale (including those withdrawn from service), the attributed cost will be their net realizable value, also determined in accordance with the requirements of the aforementioned TR 17.

The accounting criteria of this Resolution may only be used, once only, to prepare the financial statements corresponding to the first fiscal year closed after the entry into force of Law 27,430, but when it becomes impracticable to the Management to do so within the originally foreseen term. by law, the Resolution itself admits its application to prepare the financial statements corresponding to the closing of the immediately following fiscal year with the modification of the comparative figures for the revaluation, as long as this alternative application is admitted by the IGJ.

Given that the aforementioned Resolution took effect when the issuance of these financial statements was already advanced, the Management considers that it was not possible to evaluate the objective conditions for the exercise of the option to replenish its assets in the fiscal year ended on March 31, 2018 and, therefore, subject to the aforementioned acceptance by the controlling agency, retains the right to opt for the implementation of the provisions of Res. 24/2018 of the CPCECABA in the fiscal year next.

Notes forming part of the Financial Statements

3 BREAKDOWN OF THE MAIN BALANCE SHEET ACCOUNTS

3.1 Cash and banks

(ARS)

	As at March 31, 2018	As at March 31, 2017
Cash in local currency	**18,938**	26,759
Checks to be deposited	**403,158**	3,367,849
Banks in local currency	**16,553,620**	15,042,638
Banks in foreign currency (Exhibit III)	**4,048,595**	574,500
Total	**21,024,311**	19,011,746

3.2 Accounts receivable

(ARS)

		As at March 31, 2018	As at March 31, 2017
Ordinary in local currency		**24,112,044**	21,231,971
Ordinary in foreign currency (Exhibit III)		**1,410,151**	2,117,232
Other related parties in local currency	6	**-**	75,066
Other related parties in foreign currency (Exhibit III)	6	**4,053,636**	4,001,988
Services to be invoiced in local currency		**1,829,791**	2,956,835
Other related parties in foreign currency (Exhibit III)	6	**1,591,737**	-
Less: Allowance for bad debts (Exhibit II)	2.3.5	**(815,530)**	-
Total		**32,181,829**	30,383,092

3.3 Other receivables

3.3.1 Current

(ARS)

	As at March 31, 2018	As at March 31, 2017
Income tax credit balance	**2,445,759**	2,703,302
Turnover tax credit balance	**216,300**	-
Value added tax credit balance	**-**	110,180
Debit and credit tax credit balance	**532,922**	-
Prepaid expenses	**519,373**	160,831
Advances to directors	**94,045**	69,625
Expenses to be reimbursed	**-**	24,913
Other	**317,831**	127,924
Total	**4,126,230**	3,196,775

Notes forming part of the Financial Statements

3.3.2 Non current

(ARS)

		As at March 31, 2018	As at March 31, 2017
Minimum presumed income tax credit balance	8	**4,326,487**	4,109,824
Security deposits in local currency		**2,428,059**	-
Security deposits in foreign currency (Exhibit III)		**3,023,220**	2,313,000
Turnover tax credit balance		**3,403,665**	2,731,521
Other receivables		**-**	118,764
Total		**13,181,431**	9,273,109

3.4 Trade payables

3.4.1 Current

(ARS)

	As at March 31, 2018	As at March 31, 2017
Suppliers in local currency	**973,917**	854,800
Suppliers in foreign currency (Exhibit III)	**109,506**	20,158
Provision for invoices to be received	**2,611,726**	-
Other related parties-provision for invoices to be received (Note 6)	**605,326**	-
Other provisions	**179,702**	756,397
Total	**4,480,177**	1,631,355

3.4.2 Non current

(ARS)

		As at March 31, 2018	As at March 31, 2017
Other related parties in local currency	5	**69,558,496**	52,496,990
Other related parties in foreign currency(Exhibit III)	5	**108,172,382**	130,482,241
Total		**177,730,878**	130,482,241

3.5 Social security liabilities

(ARS)

	As at March 31, 2018	As at March 31, 2017
Salaries and wages	**4,486,646**	5,192,418
Social security contributions	**2,346,234**	2,581,059
Provision for vacations	**3,367,390**	4,625,797
Provision for thirteenth-month salary	**1,758,407**	1,828,671
Provision for bonuses	**545,931**	429,384
Total	**12,504,608**	14,657,329

Notes forming part of the Financial Statements

3.6 Taxes payable

(ARS)

	As at March 31, 2018	As at March 31, 2017
Withholdings to be deposited - Turnover tax	**119,323**	37,024
Value added tax	**1,553,829**	784,246
Withholdings to be deposited	**217,005**	176,733
Wealth tax - substitute taxpayer	-	58,851
Total	**1,890,157**	1,056,854

3.7 Other liabilities

(ARS)

	As at March 31, 2018	As at March 31, 2017
Compensated absences *	**42,984**	188,294
Total	**42,984**	188,294

3.7.1 Current

(ARS)

	As at March 31, 2018	As at March 31, 2017
Provision for rentals payable in foreign currency (Exhibit III)	**816,547**	920,435
Total	**816,547**	920,435

4.1 Revenue from services

(ARS)

	As at March 31, 2018	As at March 31, 2017
Consulting and advisory services	**155,493,995**	154,583,408
Volume discount	**(94,389)**	(191,153)
Total	**155,399,606**	154,392,255

4.2 Financial gains/losses

(ARS)

	As at March 31, 2018	As at March 31, 2017
Provided by assets		
Interest income	**558,568**	418,479
Allowance for bad debts (Annex II)	**(815,530)**	-
Exchange gains/losses	**5,080,292**	6,496,420
Subtotal	**4,823,330**	6,914,899
Provided by liabilities		
Other interest expense	**(64,237)**	(95,721)
Exchange gains/losses	**(29,078,811)**	(11,071,028)
Subtotal	**(29,143,048)**	(11,112,779)
Total	**(24,319,718)**	(4,197,880)

Notes forming part of the Financial Statements

5. CAPITAL STOCK

As of March 31, 2018 and 2017, the capital stock of the Company amounted to $ 42,127,767, which is fully subscribed and paid-in. Ownership interests as of March 31, 2018 and 2017 were as follows:

(ARS)

	For the year ended March 31, 2018	For the year ended March 31, 2017
TCS Iberoamérica S.A.	**99.99**	99.99
Gabriel Rozman	**0.01**	0.01
Total	**100.00**	100.00

6. TRANSACTIONS AND BALANCES WITH RELATED PARTIES: PARENT COMPANIES, SUBSIDIARIES AND RELATED COMPANIES (ART. 33 LAW 19550)

Balances and transactions with the parent company and the related companies are as follows:

(ARS)

BALANCES	For the year ended March 31, 2018	For the year ended March 31, 2017
Accounts receivable		
TCS United States	**1,336,181**	1,237,358
TCS Netherlands B.V.	**1,465,587**	2,446,916
TCS Deutschland GmbH	**2,705,182**	-
TCS Colombia	**138,423**	317,714
TCS México	-	75,066
Total	**5,645,373**	4,077,054
Trade payables		
TCS United states	**1,077,815**	728,462
TCS Colombia	**15,885,059**	11,257,002
TCS India	**141,461,893**	102,717,721
TCS MGDC S.C.	**135,362**	32,978
TCS México S.A.	**19,776,075**	15,746,078
Total	**178,336,204**	130,482,241
TRANSACTIONS		
Revenue from sales and services		
TCS United States	**16,809,718**	9,683,974
TCS Colombia	**1,472,314**	1,278,033
TCS Deutschland GmbH	**4,695,140**	-
TCS Netherlands B.V.	**18,831,361**	9,222,214
TCS Uruguay	**-**	3,759
Total	**41,808,533**	20,187,990
Cost of sales and services		
TCS Mexico	**1,186,339**	6,342,508
TCS Colombia	**1,587,505**	2,284,189
TCS MGDC S.C.	**95,356**	-
TCS Uruguay	**61,232**	-
TCS India	**20,090,210**	27,046,661
Total	**23,020,642**	35,673,358

Notes forming part of the Financial Statements

7. TERMS, INTEREST RATES AND ADJUSTMENT CLAUSES OF RECEIVABLES AND PAYABLES

7.1 Receivables

(ARS)

	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Total amount of receivables overdue	**8,900,029**	18,062,580
b) Total amount of receivables without any established term:		
Up to 3 months	**28,203,472**	15,517,288
From 3 to 6 months	**20,088**	-
More than twelve months	**13,181,431**	9,273,109
Subtotal of receivables	**50,305,020**	42,852,977
Allowance for bad debts	**(815,530)**	-
Total receivables	**49,489,490**	42,852,976

Receivables do not accrue any interest nor do they have adjustment clauses as of March 31, 2018 and 2017.

7.2 Payables

(ARS)

	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Total amount of payables to become due		
Up to 3 months	**19,691,489**	18,265,973
More than twelve months	**177,730,878**	130,482,241
Total payables	**197,422,367**	148,748,214

Payables do not accrue any interest nor do they have adjustment clauses as of March 31, 2018 and 2017

8. INCOME TAX AND MINIMUM PRESUMED INCOME TAX

As indicated in Note 2.3.6 to the financial statements, the Company has not recorded the deferred tax asset due to the uncertainty regarding the possibility of generating future taxable profits that allow for the reversal of the temporary differences and the accumulated loss.

For information purposes, the detail of the main components of the deferred tax asset is included below:

(ARS)

	Closing balance as on March 31, 2018	Opening balance as on March 31, 2017
Deferred Tax Assets		
Temporary differences - deferred assets	**600,871**	417,346
Tax loss carryforwards	**46,452,972**	35,866,028
Total deferred tax asset	**47,053,843**	36,283,374

The detail of the accumulated tax loss of $ 185,811,888 and its prescription dates are reported below:

(ARS)

Year	Carryforward	Tax rate	Total carryforward
2020	**12,070,412**	**25%**	**3,017,603**
2021	**97,369,932**	**25%**	**24,342,483**
2022	**34,023,768**	**25%**	**8,505,942**
2023	**42,347,776**	**25%**	**10,586,944**
Total	**185,811,888**		**46,452,972**

The minimum presumed income tax activated and its application deadlines are shown below:

Year	Note	Amount $	Applicable to
2009		25,053	2019
2010		292,461	2020
2011		381,673	2021
2012		254,499	2022
2013		483,140	2023
2014		967,924	2024
2015		772,581	2025
2016		550,200	2026
2017		598,956	2027
Total	3.3.2	4,326,487	

9. SUBSEQUENT EVENTS

No other events or transactions have occurred from year-end to the date of issuance of these financial statements that would have a material effect on the financial position of the Company or the results of its operations at year-end.

FIXED ASSETS

as of March 31, 2018 comparative with the prior year (in pesos)

(ARS)

	Original values				Depreciation					Net amount	
Main account	**At beginnin of year**	**Increases**	**Decreases**	**At year-end**	**Accumulated at beginning of year**	**Decreases**	**Months**	**Amount (Exhibit IV)**	**Accumulated at year-end**	**03/31/2018**	03/31/2017
Leasehold improvements	**6,161,461**	**-**	**-**	**6,161,461**	**4,789,596**	**-**	**120**	**670,413**	**5,460,009**	**701,452**	1,371,865
Fixtures and fittings	**4,519**	**-**	**-**	**4,519**	**2,909**	**-**	**60**	**925**	**3,834**	**685**	1,610
Facilities	**473,607**	**-**	**-**	**473,607**	**423,879**	**-**	**120**	**21,760**	**445,639**	**27,968**	49,728
Computers	**3,017,450**	**426,229**	**(10,554)**	**3,433,125**	**2,774,443**	**(7,381)**	**48**	**209,829**	**2,976,891**	**456,234**	243,007
Total as of 03/31/2018	**9,657,037**	**426,229**	**(10,554)**	**10,072,712**	**7,990,827**	**(7,381)**	**902,927**	**902,927**	**8,886,373**	**1,186,339**	
Total as of 03/31/2017	13,277,809	-	(3,620,772)	9,657,037	10,094,525	(3,547,936)	-	1,444,238	7,990,827	-	1,666,210

Notes forming part of the Financial Statements

ALLOWANCES AS OF MARCH 31, 2018 AND MARCH 31, 2017

(ARS)

Items	Balances at beginning of year	Increases	Reversals	Balances at year-end
Deducted from assets				
Current				
For bad debts	-	815,530	-	815,530
Total as of 03/31/2018	-	815,530	-	815,530
Total as of 03/31/2017	-	-	-	-
Non Current				
Allowance for contingencies	1,200,129	10,487,521	-	11,687,650
Total as of 03/31/2018	1,200,129	10,487,521	-	11,687,650
Total as of 03/31/2017	1,238,553	-	(38,424)	1,200,129

(1) Note 4.2.

(2) Stated as Litigations and contingencies on Annex IV

ASSETS AND LIABILITIES IN FOREIGN CURRENCY AS OF MARCH 31, 2018 COMPARATIVE WITH THE PRIOR YEAR

(ARS)

		03/31/2018			03/31/2017		
		Type and amount ot foreign currency	**Prevailing exchange rate**	**Amount inlocal currency**	Type and amount of foreign currency		Amount in local currency
CURRENT ASSETS							
Cash and banks							
Banks	USD:	**200,875**	**20.1548**	**4,048,595**	USD	37,257	574,500
Accounts receivable							
Ordinary	USD:	**69,966**	**20.1548**	**1,410,151**	USD	137,305	2,117,232
Other related parties	USD:	**54,379**	**20.1548**	**1,095,994**	USD	259,533	4,001,988
Other related parties	Euros-	**118,372**	**24.9859**	**2,957,642**			-
Other related parties for services to be invoiced	USD:	**78,976**	**20.1548**	**1,591,737**			-
Total current assets				**11,104,119**			6,693,720
NON CURRENT ASSETS							
Other receivables							
Security deposits	USD:	**150,000**	**20.1548**	**3,023,220**	USD	150,000	2,313,000
Total non current assets				**3,023,220**			2,313,000
Total assets				**14,127,339**			9,006,720

Notes forming part of the Financial Statements

ASSETS AND LIABILITIES IN FOREIGN CURRENCY

(ARS)

		03/31/2018			03/31/2017		
		Type and amount of foreign currency	**Prevailing exchange rate**	**Amount in local currency**	Type and amount of foreign currency		Amount in local currency
CURRENT LIABILITIES			**pesos**	**pesos**			pesos
Trade payables							
Suppliers	USD	**5,433**	**20.1548**	**109,506**	USD	1,307	20,158
Other liabilities							
Provision for rentals payable	USD	**40,514**	**20.1548**	**816,547**	USD	59,691	920,435
Total current liabilities				**926,053**			940,593
NON CURRENT LIABILITIES							
Trade payables							
Corporations art. 33	USD	**5,367,078**	**20.1548**	**108,172,382**	USD	5,057,422	77,985,251
Total non current liabilities				**108,172,382**			77,985,251
Total liabilities				**109,098,435**			78,925,844

Notes forming part of the Financial Statements

INFORMATION REQUIRED BY ART. 64, CLAUSE B) OF LAW 19550 FOR THE FISCAL YEAR ENDED MARCH 31, 2018

(ARS)

Items	Cost of services	Administrative expenses	Selling expenses	Other operating expenses	**As at March 31, 2018**	As at March 31, 2018
Salaries and wages	77,320,796	14,326,580	4,597,831	15,636,218	**111,881,425**	120,863,147
Project expenses	25,942,612	-	-	-	**25,942,612**	35,087,454
Litigation and contingencies (Exhibit II)	-	10,487,521	-	-	**10,487,521**	-
Rentals and common expenses	-	9,312,871	-	-	**9,312,871**	8,028,464
Fees and compensation for services	1,903,773	4,770,732	7,744	-	**6,682,249**	3,671,708
Surveillance	-	2,654,387	-	-	**2,654,387**	2,582,049
Severance payments	-	2,054,049	-	-	**2,054,049**	-
Turnover tax	-	-	1,966,907	-	**1,966,907**	2,556,924
Internet, communication and mail expenses	156,180	1,509,559	113,505	-	**1,779,244**	1,713,305
Bank commissions and expenses	-	1,763,477	-	-	**1,763,477**	1,644,662
Taxes, rates and contributions	366,229	1,196,330	-	-	**1,562,559**	1,318,323
Cleaning expenses	-	1,406,497	-	-	**1,406,497**	1,159,637
Fees to directors	-	1,149,880	-	-	**1,149,880**	874,976
Depreciation of fixed assets (Exhibit I)	-	902,927	-	-	**902,927**	1,444,238
Repair and maintenance	-	578,789	-	-	**578,789**	650,774
Other expenses	208,256	125,582	216,056	-	**549,894**	630,577
Recruitment and training	53,194	300,516	21,849	-	**375,559**	388,826
Travel expenses	103,204	62,693	128,313	-	**294,210**	1,175,153
Office expenses	-	249,713	5,928	-	**255,641**	234,985
Insurance	11,612	233,518	-	-	**245,130**	247,681
Per diem expenses	24,980	154,635	21,942	-	**201,557**	207,378
Marketing expenses	-	-	16,227	-	**16,227**	48,332
Total as of 03/31/2018	106,090,836	53,240,256	7,096,302	15,636,218	**182,063,612**	
Total as of 03/31/2017	120,395,002	39,720,380	6,937,677	17,475,534		184,528,593

INDEPENDENT AUDITORS' REPORT

To the President and Directors of

TATA Consultancy Services Argentina S.A.
Legal address: Uspallata 3046
City of Buenos Aires
Taxpayer identification number (CUlT): 30-70784821-5

Report on the Financial Statements

We have audited the accompanying financial statements of TATA Consultancy Services Argentina S.A. (hereinafter, "the Company"), which Comprise the balance sheet as of March 31, 2018, the statements of profit or loss, changes in shareholders' equity and cash flows for the year then ended, notes I to 9 and exhibits l to IV presented as supplementary information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the professional accounting standards in force in the City of Buenos Aires, Republic of Argentina, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards set forth by Technical Resolution No. 37 of the Argentine Federation of Professional Councils of Economic Sciences (FACPCE). Those standards require that we comply with the ethical requirements, and plan and pelform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures, on a test basis, to obtain audit evidence about the amounts and disclosures included in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of Material misstatement of the financial statements. When performing this risk assessment. We considered the Company's existing internal controls on the preparation and presentation of financial statements for the purpose of selecting the adequate auditing procedures, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes assessing the accounting principles used and the reasonableness of the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2018, the results of its operations, the changes in shareholders' equity and cash flows for the year then ended, in conformity with professional accounting principles in force in the City of Buenos Aires, Republic of Argentina.

Paragraph of emphasis

Without changing our opinion, we communicate that, according to note I of the financial statements, the Company has negative equity as of March 31, 2018. Pursuant to the provisions of section 94 of the Companies Law No. 19550, the referred situation is a ground for automatic dissolution as a consequence of capital loss. The Company's majority shareholder, TCS Iberoamerica S.A., has expressed its intention and capacity to provide financial support and working capital for the Company to run its business normally.

Other matters

The balances and information referred to the prior economic year ended as march 31, 2017 presented as comparative purposes, are from their respective financial statements audit by other professionals, who submitted their audit inform at April 25, 2017, establishing a favorable opinion with no exceptions above the financial statements.

Report on other legal and regulatory requirements

In compliance with legal requirements in force, we report that:

a. The accompanying financial statements have not yet been transcribed to the Inventory Book and arise from the Company's accounting system that are being transcribed into the Journal;

b. we have performed the anti-money laundering and terrorist financing procedures set forth by the applicable professional standards issued by the FACPCE; and

c. as of March 31, 2018 the accrued amounts for retirement and pension contributions payable to the Pension Fund System is up to $ I ,822,783, with no amount of debt exigible at the above mentioned date.

City of Buenos Aires, May 3, 2018

For KPMG

Patricia M. Zeisel
Partner

SYNDIC'S REPORT

SHAREHOLDERS OF

TATA CONSULTANCY SERVICES ARGENTINA S.A.

USPALLATA 3046,

AUTONOMOUS CITY OF BUENOS AIRES

C.U.I.T.: 30-70784821-5

In my capacity as Statutory Auditor of TATA CONSULTANCY SERVICES ARGENTINA S.A., in accordance with the provisions of subsection 5 of Art.294 of the Law on Commercial Companies, I have examined the documents detailed in section 1 below. Regarding the documents cited, my responsibility is to inform about these documents based on the work mentioned in section 2.

1. EXAMINED DOCUMENTS

a) Balance Sheet as of March 31, 2018.

b) Statement of income for the year ended March 31, 2018.

c) Statement of changes in Net Equity for the year ended March 31, 2018.

d) Statement of Cash Flow for the year ended March 31, 2018.

e) Notes 1 to 9 and Annexes I to IV.

2. REACH OF THE EXAM

My examination was conducted in accordance with current rules of receivership. These standards require that the examination of the financial statements be carried out in accordance with current auditing standards, and include verification of the consistency of the documents examined with the information on the corporate decisions set forth in the minutes, and the adequacy of such decisions to the law and the statutes, with regard to its formal and documentary aspects. An audit requires the auditor to plan and perform his or her task in order to obtain a reasonable degree of assurance about the non-existence of untruthful statements or significant errors in the financial statements.

An audit includes examining, on a selective basis, the evidence supporting the information presented in the financial statements, as well as evaluating the accounting standards used, the significant estimates made by the Company's Board of Directors and the presentation of the Financial Statements taken in its set. Since it is not the responsibility of the trustee to carry out a management control, the examination should not be extended to the criteria and business decisions of the various areas of the Society, to support my report.

Also, in relation to the Board's report for the year ended March 31, 2018, I verified that it contains the information required by article 66 of the Commercial Companies Law and, as far as my competence is concerned, that its numerical data agree with the accounting records of the Company and other pertinent documentation.

With regard to the economic and financial situation of the company, the same, considering the results of the year and net equity at the end of it, is incurred in the cause of dissolution due to loss of capital provided by art. 94, inc. 5 of Law 19,550, the Shareholders Assembly having to consider such situation and the eventual reimbursement of capital, whether total or partial or its increase - in accordance with the provisions of art. 96 of law 19,550- to avoid it.

3. OPINION

Based on the examination conducted, in my opinion, the financial statements detailed in 1. present reasonably, in all its significant aspects, the assets situation of TATA CONSULTANCY SERVICES ARGENTINA S.A. as of March 31, 2018, the result of its operations, the evolution of the net equity and the statement of cash flow, for the fiscal year closed on that date, in accordance with current professional accounting standards.

In relation to the Board's Report, I have no observations to make regarding my competence, being the affirmations about future events the exclusive responsibility of the Board.

The accompanying financial statements and the corresponding inventory arise from accounting records carried, in their formal aspects, in accordance with the legal provisions in force.

Autonomous City of Buenos Aires, May 3, 2018

Pablo Gustavo Traini
Lawyer

TATA CONSULTANCY SERVICES DO BRASIL LTDA.

FINANCIAL STATEMENTS

For the year ended
March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

TATA CONSULTANCY SERVICES DO BRASIL LTDA.

Report on the Financial Statements

We have audited the accompanying financial statements of Tata Consultancy Services do Brasil Ltda. ("the Company"), which comprise the statement of financial position as of March 31, 2018,and the statement of profit or loss and other comprehensive income, changes in equity, and cashflows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors ' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tata Consultancy Services do Brasil Ltda. as of March 31, 2018, the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matter

The accompanying financial statements of Tata Consultancy Services do Brasil Ltda. as of March 31,2017 and for the year then ended were audited by other auditors whose report thereon dated April 28, 2017, expressed an unmodified opinion on these financial statements.

Mumbai, India

May 22, 2018

Statement of Financial Position as at March 31, 2018

(in thousands BRL Reais)

	Notes	As of March 31, 2018	As of March 31, 2017
ASSETS:			
Current assets:			
Cash and cash equivalents	5	**19,751**	16,069
Trade receivables	6	**35,558**	36,497
Unbilled revenues		**25,083**	17,677
Other financial assets	7(a)	**644**	620
Income tax assets (net)	8	**1,346**	1,135
Other assets	9(a)	**191**	684
Total current assets		**82,573**	72,682
Non-current assets:			
Unbilled revenues		**1,625**	-
Other financial assets	7(b)	**67**	101
Income tax assets (net)	8	**182**	-
Property, plant and equipment	10	**2,863**	1,852
Intangible assets	11	**103**	111
Goodwill		**33,106**	33,106
Other assets	9(b)	**701**	1,018
Total non-current assets		**38,647**	36,188
TOTAL ASSETS		**121,220**	108,870
LIABILITIES AND EQUITY:			
Liabilities:			
Current liabilities:			
Trade payables	12	**29,305**	34,426
Borrowings		**13,303**	5,041
Other financial liabilities	13	**6,942**	6,896
Unearned and deferred revenue		**6,541**	5,127
Employee benefit obligations	17	**11,097**	9,578
Provisions		**3,116**	4,491
Other liabilities	14	**12,714**	10,711
Total current liabilities		**83,018**	76,270
Non-current liabilities:			
Deferred tax liabilities (net)		**-**	11,234
Total non-current liabilities		**-**	11,234
TOTAL LIABILITIES		**83,018**	87,504

continued

Equity:			
Share capital	16	**175,802**	175,802
Retained earnings		**(137,600)**	(154,436)
TOTAL EQUITY		**38,202**	21,366
TOTAL LIABILITIES AND EQUITY		**121,220**	108,870

See accompanying notes to financial statements

Statement of Profit or Loss and Other Comprehensive Income

(in thousands BRL Reais)

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenues from Operations		**258,131**	235,108
Operating expenses:			
Employee benefits expenses		**185,576**	164,323
Depreciation and amortisation expense		**1,054**	1,235
Other operating expenses	18	**62,213**	62,436
TOATAL OPERATING EXPENSES		**248,843**	227,994
OPERATING PROFIT		**9,288**	7,114
Other income / (expense):			
Finance & Other income	19	**142**	1,273
Finance costs	20	**(754)**	(826)
Other gains (losses), net	21	**(502)**	237
Other income / (expense), net		**(1,114)**	684
PROFIT BEFORE TAXES		**8,174**	7,798
Current tax expense	15	**2,572**	1,819
Deferred tax (benefit)/expense	15	**(11,234)**	1,699
PROFIT OF THE YEAR		**16,836**	4,280
OTHER COMPREHENSIVE INCOME/ (LOSSES)		**-**	-
TOTAL OTHER COMPREHENSIVE INCOME/ (LOSSES)		**-**	-

See accompanying notes to financial statements

Statement of Changes in Equity

(in thousands BRL Reais)

	Equity share capital	Retained earnings	Total equity
Balance as of March 31, 2016	157,470	(158,716)	(1,246)
Increase of Capital	18,332		18,332
Profit for the year	-	4,280	4,280
Balance as of March 31, 2017	**175,802**	**(154,436)**	**21,366**
Increase of Capital	**-**	**-**	**-**
Profit for the year	**-**	**16,836**	**16,836**
Balance as of March 31, 2018	**175,802**	**(137,600)**	**38,202**

See accompanying notes to financial statements

Statements of Cash Flows

(in thousands BRL Reais)

	Year ended March 31, 2018	Year ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	**16,836**	4,280
Depreciation and amortisation expense	**1,054**	1,235
Loss on disposal of property and equipment	**599**	(3)
Income tax expense	**(8,662)**	3,518
Provision for foreseeable losses	**(1,375)**	4,397
Net change in:		
Trade receivables	**938**	5,760
Unbilled revenues	**(9,031)**	(2,855)
Other financial assets	**10**	6,206
Other assets	**810**	(87)
Trade payables	**(5,121)**	(39,157)
Other financial liabilities	**47**	1,500
Unearned and deferred revenues	**1,414**	2,214
Employee benefit obligations	**1,519**	978
Other liabilities	**2,003**	(4,679)
Cash generated from operations	**(1,041)**	(16,693)
Taxes paid (net of refunds)	**(2,965)**	1,256
Net cash provided by operating activities	**(1,924)**	(15,437)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	**(2, 655)**	(919)
Net cash used in investing activities	**(2,655)**	(919)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short term borrowings (net)	**8,261**	(712)
Increase of Capital	**-**	18,332
Net cash used in financing activities	**8,261**	17,620
Net change in cash	**3,682**	1,264
Cash and cash equivalents, beginning of the year	**16,069**	14,805
Cash and cash equivalents, end of the year (Refer - note 5)	**19,751**	16,069

See accompanying notes to financial statements

Notes forming part of the Financial Statements

1. BACKGROUND AND OPERATIONS

Tata Consultancy Services do Brasil Ltda. ("The Company") is headquartered in the City of Barueri, State of São Paulo, and is engaged mainly in the provision of information technology services, involving: (a) IT consulting services, such as provision of computer program, software, computer system project and IT technical project development services, information technology-related implementation services, including study, support, infrastructure, research, creation, adaptation, design, preparation, data warehousing, training, data processing, systematization, automated management, database, data retrieval, installation, technical maintenance and support; (b) business process outsourcing (BPO), such as provision of labor in administrative, accounting, payroll, tax department routine, human resource management, financial department routines, controllership and other administrative service and customer service areas; (c) sale of computer programs, software, either materialized or not, recorded computer programs and the assignment and licensing and use of systems.

To provide services to specific customers, the Company has branches in Aracaju/SE, Belo Horizonte/MG, Brasília/DF, Campinas/SP, Corumbá/MS, Itabira/MG, Joinville/SC, Londrina/PR, Macaé/RJ, Marchiana/MG, Nova Lima/MG, Parauapebas/PA, Rio de Janeiro/RJ, São Luis/MA, São Paulo/SP and Vitória/ES.

The Company is incorporated and domiciled in Brazil. The address of its corporate office is Alameda Madeira, 328 - 13° andar - Alphaville Industrial, Barueri - SP, Postal Code 06453-020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The Company's financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB").

b. Basis of preparation

The financial statements have been prepared based on the historical cost, except when otherwise indicated, as described in the accounting policies below. The historical cost is generally based on the fair value of the consideration paid in exchange for goods and services.

Even though the Company's fiscal year ends on December 31, the financial statements are being presented as at March 31, 2018, in line with the reporting date of the parent's financial information.

c. Use of estimates and judgments

The preparation of financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the periods presented.

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.

Key source 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, is in respect of impairment of goodwill, financial instruments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities have been discussed below.

Impairment of Goodwill

The Company 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 were developed using internal forecasts. The discount rates used for the CGU represent the weighted-average cost of capital based on the historical Market returns of comparable companies.

Useful lives of property, plant and equipment

The Company reviews the carrying amount of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

Provisions and contingent liabilities

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 the end of each reporting period adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

Fair value measurement of financial instruments

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

d. Revenue recognition

The Company earns revenue primarily from providing information technology, business solutions and consultancy services through development and maintenance of IT applications and infrastructure, implementation of enterprise solutions, business process services, assurance services, engineering and industrial services using its own products, framework of solutions and third party products.

The Company recognizes revenue as follows:

Contracts are unbundled into separately identifiable components and the consideration is allocated to those identifiable components on the basis of their fair values. Revenue is recognized for respective components either at the point in time or over time, as applicable.

Revenue from contracts priced on a time and material basis is recognized as services are rendered and as related costs are incurred.

Revenue from software development contracts, which are generally time bound fixed price contracts, is recognized over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognized when probable. Revenue in excess of billings is recognized as unbilled revenue in the statement of financial position; to the extent billings are in excess of revenue recognized, the excess is reported as unearned and deferred revenue in the statement of financial position.

Revenue from Business Process Services contracts priced on the basis of time and material or unit of delivery is recognized as services are rendered or the related obligation is performed.

Revenue from the sale of internally developed and manufactured systems and third party products which do not require significant modification is recognized upon delivery, which is when the absolute right to use passes to the customer and the company does not have any material remaining service obligations.

Revenue from maintenance contracts is recognized on a pro-rata basis over the period of the contract.

Revenue is recognized only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

Revenue is reported net of discounts and indirect taxes.

e. Cost recognition

Costs and expenses are recognized when incurred and have been classified according to their nature in the following categories:

The costs of the Company are broadly categorized into employee benefit expenses, depreciation and amortization and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, facility expenses, travel expenses, cost of equipment and software licenses, communication expenses, bad debts, and other expenses.

f. Foreign currency

The functional and reporting currency of the company is Brazilian reais. Foreign currency transactions are translated 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 statement of financial position. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

g. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period. 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 unit intends to settle the asset and liability on a net basis.

The Company accounts for the deferred income taxes using the balance sheet approach. Deferred income taxes are provided for the differences between the tax base of assets and liabilities and their reported amounts in the financial statements.

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 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.

h. Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at Fair value through profit and loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The Company classifies non-derivative financial liabilities into the following categories: financial liabilities at Fair value through profit and loss and other financial liabilities.

A. Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The company derecognizes 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 in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the company is recognized as a separate asset or liability.

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

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 offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

B. Non-derivative financial assets – Measurement

Financial Assets at Fair Value through Profit and Loss

A financial asset is classified as at Fair value through profit and loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at Fair value through profit and loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

C. Non- derivative financial liabilities – Measurement

A financial liability is classified as at Fair value through profit and loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at Fair value through profit and loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss. Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

i. Property, plant and equipment

Stated at historical cost, less accumulated depreciation and impairment loss, if any. Depreciation is calculated under the straight-line method, based on the estimated useful lives of the assets, as follows:

Category of assets	**Method**	**Useful Life (No. of years)**
Leasehold improvements	Straight-line	Lease term
Computers equipment	Straight-line	4
Office equipment	Straight-line	5
Furniture and fixtures	Straight-line	5
Electrical installations	Straight-line	10

Subsequent costs are added to the residual value of property, plant and equipment or recognized as a specific item, as appropriate, only if the economic benefits associated to these items are probable and the amounts can be reliably measured. The residual balance of a replaced item is written off. Other repairs and maintenance are recognized directly in profit or loss when incurred.

The residual values and the estimated useful lives of the assets are revised and adjusted, if necessary, on an annual basis.

j. Goodwill

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.

k. Impairment

A. Financial assets (Available for sale financial assets)

When the fair value of available for sale financial asset decline below acquisition cost and there is objective evidence that the asset is impaired, cumulative gain or losses previously recognized in other comprehensive income are reclassified to profit or loss.

B. Non-financial assets

(i) **Tangible and intangible 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 recognized in the profit or loss.

(ii) 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 pro-rata on the basis of the carrying amount of each asset in the unit.

l. Employee benefits

Compensated Absences

Compensated absences are short term in nature as the absences are expected to occur within twelve months after the end of the period in which the employee earns the paid leave and accordingly the liability is recognized on un-discounted basis.

m. Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as operating lease. Operating lease payments are recognized on a straight line basis over the lease term in the statement of profit or loss.

3. During the Financial year, the Company decided to present an analysis of expenses recognized in the Profit or Loss using a classification based on their nature instead of by their function. The change has been made, as classification of expenses by nature is considered to provide more reliable and relevant information to users than their classification by function. Information on the nature of expenses is useful in predicting future cash flows. Classification by nature is simple and does not require allocations and involves lesser management judgement. The Company intends to follow this approach on a consistent basis.

4. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 15	Revenue from Contracts with Customers[1]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRS 16	Leases[2]
IFRS 9 (2014)	Financial Instruments
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[2]
Annual improvements — 2015-2017 cycle	IFRS 3 Business combinations, IFRS 11 Joint Arrangements IAS 12 Income Taxes, IAS 23 Borrowing costs[2]

[1] Effective for annual periods beginning on or after January 1, 2018.
[2] Effective for annual periods beginning on or after January 1, 2019.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. In April 2016, the IASB issued clarifications to IFRS 15 in relation to identification of performance obligations, principal versus agent considerations as well as licensing application guidance. The company is evaluating the impact, if any, of this Standard on its financial statements.

IFRIC 22 – Foreign Currency Transactions and advance consideration

On December 8, 2016, the International Accounting Standards Board issued IFRIC 22 which clarifies the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact, if any, of IFRIC 22 on its financial statements.

IFRS 16 – Leases

On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS 16, Leases. IFRS 16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize right to use asset and a corresponding liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. The Company is in the process of evaluating the impact of the new standard.

IFRS 9 – Financial Instruments

In July 2014, The International Accounting Standards Board (IASB) has published the final version of IFRS 9 'Financial Instruments' bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The Standard supersedes all previous versions of IFRS 9. The company is in the process of evaluating the impact of the new standard.

IFRIC 23- Uncertainty over Income Tax Treatments

On June 7, 2017, the International Accounting Standards Board issued IFRIC 23 which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company is in the process of evaluating the impact of the interpretation.

IAS 28 – Long-term Interests in Associates and Joint Ventures

In October 2017, the IASB clarified that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures.

IAS 19 – Plan Amendment, Curtailment or Settlement

In February 2018, the IASB issued amendments to IAS 19 to clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company is in the process of evaluating the impact of the new standard.

Annual improvements — 2015-2017 cycle

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control/ joint control of a business that is a joint operation.
- IAS 12 Income Taxes — an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The Company is in the process of evaluating the impact of the new standard.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. The Company does not expect any impact from this pronouncement.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

(in thousands BRL reais)

	As of March 31, 2018	As of March 31, 2017
Current account balances with banks	**19,751**	16,069
Total	**19,751**	16,069

6. TRADE RECEIVABLES

Trade receivables consist of the following:

(in thousands BRL reais)

	As of March 31, 2018	As of March 31, 2017
Trade receivables*	**35,631**	36,497
Less: Allowance for doubtful trade receivables	**(73)**	-
Total	**35,558**	36,497

7. OTHER FINANCIAL ASSETS

Other financial assets consist of the following:

a) Other financial assets – Current

(in thousands BRL reais)

	As of March 31, 2018	As of March 31, 2017
Employee advances	**458**	339
Others	**186**	281
Total	**644**	620

b) Other financial assets – Non-current

(in thousands BRL reais)

	As of March 31, 2018	As of March 31, 2017
Deposits - Others	**67**	101
Total	**67**	101

8. INCOME TAX ASSETS (NET)

Income tax assets consist of the following:

(in thousands BRL reais)

	As of March 31, 2018	As of March 31, 2017
Advance Income Tax - Current	**1,346**	1,135
Advance Income Tax – Non Current	**182**	-
Total	**1,528**	1,135

9. OTHER ASSETS

Other assets consist of the following:

a) Other assets – Current

(in thousands BRL reais)

	As of March 31, 2018	As of March 31, 2017
Prepaid expenses	**103**	316
Advance to suppliers	**30**	262
Other current assets	**58**	106
Total	**191**	684

b) Other assets – non current

(in thousands BRL reais)

	As of March 31, 2018	As of March 31, 2017
Prepaid expenses	**701**	1,018
Total	**701**	1,018

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(in thousands BRL reais)

	Electrical installations	Leasehold improvement	Computer equipment	Furniture and fixtures	Office equipment	Total
Gross block as of March 31, 2017	**1,449**	**7,547**	**5,670**	**2,787**	**150**	**17,603**
Additions	**298**	**193**	**1,691**	**413**	**8**	**2,603**
Disposals	**(1,449)**	**(7,560)**	**(3,547)**	**(2,296)**	**(85)**	**(14,937)**
Gross block as of March 31, 2018	**298**	**180**	**3,814**	**904**	**73**	**5,269**
Accumulated depreciation as of March 31, 2017	**1,200**	**7,074**	**4,827**	**2,700**	**77**	**15,878**
Disposals	**(1,284)**	**(7,224)**	**(3,541)**	**(2,223)**	**(66)**	**(14,338)**
Depreciation for the year	**94**	**154**	**741**	**38**	**18**	**1,045**
Accumulated depreciation as of March 31, 2018	**10**	**4**	**2,027**	**515**	**29**	**2,585**
Net carrying amount as of March 31, 2018	**288**	**176**	**1,787**	**389**	**44**	**2,684**
Capital work-in-progress (including capital advances)						**179**
Total						**2,863**

(in thousands BRL reais)

	Electrical installations	Leasehold improvement	Computer equipment	Furniture and fixtures	Office equipment	Total
Gross block as of March 31, 2016	1,432	7,193	6,235	2,693	77	17,630
Additions	17	354	255	95	73	794
Disposals	-	-	(820)	(1)	-	(821)
Gross block as of March 31, 2017	1,449	7,547	5,670	2,787	150	17,603
Accumulated depreciation as of March 31, 2016	1,073	6,781	4,932	2,676	61	15,523
Disposals	-	-	(824)	-	-	(824)
Depreciation for the year	127	293	719	24	16	1,179
Accumulated depreciation as of March 31, 2017	1,200	7,074	4,827	2,700	77	15,878
Net carrying amount as of March 31, 2017	249	473	843	87	73	1,725
Capital work-in-progress (including capital advances)						127
Total						1,852

11. INTANGIBLE ASSETS

Intangible assets consist of the following:

(in thousands BRL reais)

	Acquired contract rights	Software Licenses	Others	Total
Gross block as of March 31, 2017	**10,585**	**3,507**	**103**	**14,195**
Additions	**-**	**-**	**-**	**-**
Disposals	**(10,585)**	**(186)**	**-**	**(10,771)**
Gross block as of March 31, 2018	**-**	**3,321**	**103**	**3,424**
Accumulated amortization as of March 31, 2017	**10,585**	**3,499**	**-**	**14,084**
Disposals	**(10,585)**	**(186)**	**-**	**(10,771)**
Amortization for the year	**-**	**8**	**-**	**8**
Accumulated amortization as of March 31, 2018	**-**	**3,321**	**-**	**3,321**
Net carrying amount as of March 31, 2018	**-**	**-**	**103**	**103**
Total				**103**

(in thousands BRL reais)

	Acquired contract rights	Software Licenses	Others	Total
Gross block as of March 31, 2016	10,585	3,507	103	14,195
Additions	-	-	-	-
Disposals	-	-	-	-
Gross block as of March 31, 2017	10,585	3,507	103	14,195
Accumulated amortization as of March 31, 2016	10,585	3,437	-	14,022
Disposals	-	-	-	-
Amortization for the year	-	62	-	62
Accumulated amortization as of March 31, 2017	10,585	3,499	-	14,084
Net carrying amount as of March 31, 2017	-	8	103	111
Total				111

12. TRADE PAYABLES

Trade payables consist of the following:

(in thousands BRL reais)

	As of March 31, 2018	As of March 31, 2017
Trade payables	**28,310**	33,530
Accrued expenses	**995**	896
Total	**29,305**	34,426

13. OTHER FINANCIAL LIABILITIES

Other financial liabilities consist of the following:

(in thousands BRL reais)

	As of March 31, 2018	As of March 31, 2017
Other current financial liabilities		
Accrued payroll	**5,525**	5,108
Accrued interest	**39**	420
Capital Creditors	**55**	112
Payable for volume discount	**1,128**	1,049
Caution Money	**195**	207
Total	**6,942**	6,896

14. OTHER LIABILITIES

Other current liabilities consist of the following:

(in thousands BRL reais)

	As of March 31, 2018	As of March 31, 2017
Indirect tax payable and other statutory liabilities	**12,714**	10,711
Total	**12,714**	10,711

15. INCOME TAX

The income tax expense consists of the following:

(in thousands BRL reais)

	Year ended March 31, 2018	Year ended March 31, 2017
Current Tax		
Current tax expense	**2,572**	1,819
Deferred tax expense	**(11,234)**	1,699
	(8,662)	3,518

The reconciliation of estimated income tax expense at statutory income tax rates to income tax expense reported in statements of profit or loss is as follows:

(in thousands BRL reais)

	Year ended Mar 31, 2018	Year ended Mar 31, 2017
Profit before income taxes	**8,174**	7,798
Federal income tax rate	**34%**	34%
Expected income tax expense	**2,779**	2,651
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Deferred tax asset pertaining to prior years (net) (Refer a and b)	**(11,256)**	1,699
Operating losses carry forwards	**-**	(745)
Tax pertaining to prior years	**-**	130
Others (net)	**(185)**	(217)
Total income tax expense	**(8,662)**	3,518

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

(in thousands BRL reais)

	Opening balance	**Recognised / reversed through profit or loss**	**Closing balance**
Deferred tax assets / (liabilities) in relation to:			
Goodwill Amortization	**11,256**	**-**	**11,256**
Unbilled Revenue (net of UER) (refer note b)	**-**	**6,857**	**6,857**
Accumulated Losses (refer note a)	**-**	**(18,113)**	**(18,113)**
Others	**(22)**	**22**	**-**
Net Deferred tax assets /(liabilities)	**11,234**	**11,234**	**-**

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

(in thousands BRL reais)

	Opening balance	Recognised / reversed through profit or loss	Closing balance
Deferred tax assets / (liabilities) in relation to:			
Goodwill Amortization	9,535	1,721	11,256
Others	-	(22)	(22)
Net Deferred tax assets /(liabilities)	9,535	1,699	11,234

Note

a) As at March 31, 2018, the Company's accumulated tax loss carryforwards is 140,815 thousands BRL reais (142,850 thousands BRL reais as at March 31, 2017). In accordance with the prevailing tax law, tax loss carryforwards may be carried forward indefinitely but their utilization is limited to 30% of future annual taxable income. In the current year, the company has created a deferred tax asset of 18,113 thousands BRL reais on the above losses to the extent of the deferred tax liability as the same is reasonably certain.

b) The company has reported the current taxes expenses based on amount billed to the client as against the revenue recognized during the period in accordance with the regulation IN 1.771 and Law 8,846 of Brazilian Tax Law. Accordingly, Deferred Tax Liability of 6,857 thousands BRL reais as on March 18 has been recognised on unbilled revenue net of UER of 20,167 BRL reais.

16. SHARE CAPITAL

Authorized, issued, subscribed and paid up share capital

As at March 31, 2018, the Company's capital amounts to 175,802 thousands BRL reais, represented by 175,801,586 shares, with par value of R$1.00. As at March 31, 2018, the Company's capital amounts to 175,802 thousands BRL reais, represented by 175,801,586 shares, with par value of R$1.00.

(in thousands BRL reais)

	Year ended Mar 31, 2018	Year ended Mar 31, 2017
TCS IBEROAMERICA SOCIEDAD ANONIMA	**175,801,585**	175,801,585
TCS SOLUTION CENTER SOCIEDAD ANONIMA	**1**	1
Total	**175,801,586**	175,801,586

17. EMPLOYEE BENEFIT OBLIGATIONS

(in thousands BRL reais)

	As of March 31, 2018	As of March 31, 2017
Compensated absences	**11,069**	9,578
Other employee benefit obligations	**28**	-
Total	**11,097**	9,578

18. OTHER OPERATING EXPENSES

(in thousands BRL reais)

	As of March 31, 2018	As of March 31, 2017
Communication	**1,524**	1,325
Facility Expenses	**6,793**	6,988
Services rendered by Business associates and others	**34,932**	38,187
Other Expenses	**13,397**	11,440
Travel Expenses	**5,567**	4,496
Total	**62,213**	62,436

19. FINANCE AND OTHER INCOME

(in thousands BRL reais)

	As of March 31, 2018	As of March 31, 2017
Interest income on bank deposits	**142**	1,273
Total	**142**	1,273

20. FINANCE COST

(in thousands BRL reais)

	As of March 31, 2018	As of March 31, 2017
Interest expenses	**754**	826
Total	**754**	826

21. OTHER GAINS (LOSSES), NET

(in thousands BRL reais)

	Year ended March 31, 2018	Year ended March 31, 2017
Loss on disposal of property and equipment	**(459)**	(1)
Net foreign exchange (losses)	**(43)**	238
Total	**(502)**	237

22. LEASES

The Company has taken on lease property and equipment under operating lease arrangements. Most of the leases include renewal and escalation clauses. Operating lease rent expenses were 2,998 thousands BRL reais and 3,401 thousands BRL reais in fiscals 2018 and 2017, respectively. The following is a summary of future minimum lease rental commitments towards non-cancellable operating leases:

(in thousands BRL reais)

	As at 31-Mar-18	As at 31-Mar-17
Not later than one year	**3,319**	1,982
Later than one year but not later than five years	**11,760**	6,938
Later than five years	**8,466**	-
Total minimum lease commitments	**23,545**	8,920

23. FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities

The fair values of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 approximate the carrying amounts because of the short-term nature of these instruments.

The carrying value and fair value of financial instruments by categories as at March 31, 2018 is as follows:

(in thousands BRL reais)

March 31, 2018

Financial Assets	**Amortized Cost**	**Total fair value**
Cash and cash equivalents	**19,751**	**19,751**
Trade receivables	**35,558**	**35,558**
Unbilled revenues	**26,708**	**26,708**
Other financial assets	**711**	**711**
Total	**82,728**	**82,728**
Financial Liabilities:		
Trade payables	**29,305**	**29,305**
Borrowings	**13,303**	**13,303**
Other financial liabilities	**6,942**	**6,942**
Total	**49,550**	**49,550**

The carrying value and fair value of financial instruments by categories as at March 31, 2017 is as follows:

(in thousands BRL reais)

March 31, 2017

	Amortized Cost	Total fair value
Financial Assets:		
Cash and cash equivalents	16,069	16,069
Trade receivables	36,497	36,497
Unbilled revenues	17,677	17,677
Other financial assets	721	721
Total	70,964	70,964
Financial Liabilities:		
Trade payables	34,426	34,426
Borrowings	5,041	5,041
Other financial liabilities	6,896	6,896
Total	46,363	46,363

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(b) Financial risk management

i. 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.

(a) Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rate may have potential impact on the statement of financial statement, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than functional currency of the company.

The following table sets forth information relating to foreign currency exposure as at March 31, 2018:

(In thousands BRL Reais)

Assets	USD	EUR	GBP	Others
Trade receivables	3,525	229	865	2,298
Unbilled revenues	2,776	4,570	1,011	184
Other financial assets	51	0	0	0
Total	6,352	4,799	1,876	2,482
Liabilities:				
Trade payables	3,674	0	249	94
Borrowings	13,303	0	0	0
Other financial liabilities	566	0	72	28
Total	17,543	0	321	122

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services do Brasil Ltda. would result in decrease / increase in the Company's profit before tax by approximately 248 thousands BRL reais for the year ended March 31, 2018.

The following table sets forth information relating to foreign currency exposure as at March 31, 2017:

(in thousands BRL reais)

Assets:	USD	EUR	GBP	Others
Trade receivables	4,145	337	820	434
Unbilled revenues	674	109	0	369
Other financial assets	31	0	0	0
Total	4,850	446	820	803
Liabilities:				
Trade payables	5,080	2	15	40
Borrowings	5,041	0	0	0
Other financial liabilities	678	0	10	15
Net exposure asset / (liability)	10,799	2	25	55

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services do Brasil Ltda. would result in decrease / increase in the Company's profit before tax by approximately 396 thousands BRL reais for the year ended March 31, 2018.

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 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.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was 82,728 thousands BRL Reais and 70,964 thousands BRL Reais as of March 31, 2018 and March 31, 2017, respectively being the total of the carrying amount of cash and cash equivalents, trade receivable, unbilled revenue, and other financial assets. Cash and cash equivalents are held with banks with high credit ratings. As of March 31, 2018, there were no indications that any defaults will occur on trade receivable, unbilled revenues or other financial assets.

The Company's exposure to customers is diversified and no single customer contributes more than 10% of outstanding accounts receivable and unbilled revenues as of March 31, 2018 and March 31, 2017. The Company's cash and cash equivalents are substantially held in Brazil.

Geographic Concentration of Credit Risk

The Company has a geographic concentration of trade receivables, net of allowances and unbilled revenue as given below:

	As of March 31, 2018	As of March 31, 2017
Ibero America	**77%**	87%
Others	**23%**	13%

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 consistently generates sufficient cash flows from operations and other activities to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

March 31, 2018	**Due in 1st year**	**Due in 2nd to 5th year**	**Total**
	(in thousands BRL reais)		
Non-derivative financial liabilities:			
Trade payables	**29,305**	**-**	**29,305**
Borrowings	**13,303**	**-**	**13,303**
Other financial liabilities	**6,942**	**-**	**6,942**
Total	**49,550**	**-**	**49,550**

March 31, 2017	Due in 1st year	Due in 2nd to 5th year	Total
	(in thousands BRL reais)		
Non-derivative financial liabilities:			
Trade payables	34,426	-	34,426
Borrowings	5,041	-	5,041
Other financial liabilities	6,896	-	6,896
Total	46,363	-	46,363

24. CONTINGENCIES

Contingent Liabilities are as follows:

As at March 31, 2018 and March 31, 2017 claims aggregating 4,335 thousands BRL reais and 1,813 thousands BRL reais against the Company have not been acknowledged as debts.

25. RELATED PARTIES

Transactions with related parties are as follows:

	Year ended March 31, 2018			
	With Tata Sons Limited, ultimate parent company	**With Tata Consultancy Services Limited (Parent of holding Company)**	**With subsidiaries of Tata Consultancy Services Limited**	**Total**
	(in thousands BRL Reais)			
Revenue				
Revenue from Rendering of Services, Sale of Equipment & Grant of Licenses	**-**	**7,377**	**52,667**	**60,044**
Expenses				
Purchase of Goods, Services & Facilities (Including BA Cost)	**-**	**26,529**	**1,552**	**28,081**
Interest Expense	**-**	**-**	**158**	**158**
Brand Equity Contribution	**441**	**-**	**-**	**441**
Total	**441**	**33,906**	**54,377**	**88,724**

	Year ended March 31, 2017			
	With Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited (Parent of holding Company)	With subsidiaries of Tata Consultancy Services Limited	Total
	(in thousands BRL Reais)			
Revenue				
Revenue from Rendering of Services, Sale of Equipment & Grant of Licenses	-	2,564	26,355	28,919
Expenses				
Purchase of Goods, Services & Facilities (Including BA Cost)	-	30,668	2,749	33,417
Interest Expenses	-	-	211	211
Brand Equity Contribution (expense)	413	-	-	413
Total	413	33,232	29,315	62,960

Balances receivable from related parties

	Year ended March 31, 2018			
	With Tata Sons Limited, ultimate parent company	**With Tata Consultancy Services Limited (Parent of holding Company)**	**With subsidiaries of Tata Consultancy Services Limited**	**Total**
	(in thousands BRL Reais)			
Trade receivables and other current financial assets	**-**	**6,051**	**7,642**	**13,693**
Total	**-**	**6,051**	**7,642**	**13,693**

	Year ended March 31, 2017			
	With Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited (Parent of holding Company)	With subsidiaries of Tata Consultancy Services Limited	Total
	(in thousands BRL Reais)			
Trade receivables and other current financial assets	-	2,786	5,297	8,083
Total	-	2,786	5,297	8,083

Balances payable to related parties

	Year ended March 31, 2018			
	With Tata Sons Limited, ultimate parent company	**With Tata Consultancy Services Limited (Parent of holding Company)**	**With subsidiaries of Tata Consultancy Services Limited**	**Total**
	(in thousands BRL Reais)			
Trade and other payables, unearned and deferred revenue, Other financial liab. And other Liab.	**853**	**16,426**	**665**	**17,944**
Loan Received	**-**	**-**	**13,303**	**13,303**
Other Payable	**-**	**-**	**39**	**39**
Total	**853**	**16,426**	**14,007**	**31,286**

	Year ended March 31, 2017			
	With Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited (Parent of holding Company)	With subsidiaries of Tata Consultancy Services Limited	Total
	(in thousands BRL Reais)			
Trade and other payables, unearned and deferred revenue, Other financial liab. And other Liab.	413	22,321	3,660	26,394
Loan Received	-	-	5,462	5,462
Total	413	22,321	9,122	31,856

26. APPROVAL OF THE FINANCIAL STATEMENTS

The Executive Committee authorized the issuance of these financial statements at the meeting held on 22 May 2018.

TATA CONSULTANCY SERVICES DE MÉXICO, S.A. DE C.V.

(Subsidiary of TCS Iberoamérica, S.A. and TCS, Solution Center, S.A)

FINANCIAL STATEMENTS

For the year ended
December 31, 2017

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS FOR 2017 AND 2016

INDEPENDENT AUDITOR'S REPORT

(Translation from Spanish Language Original)

The Board of Directors and Stockholders
TATA Consultancy Services de Mexico, S.A. de C.V.

Opinion

We have audited the financial statements of TATA Consultancy Services de Mexico, S.A. de C.V. (the Company), which comprise the statement of financial position as at December 31, 2017, the statements of income, changes in stockholders' 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, the accompanyin g financial statements present fairly, in all material respects, the financial position of TATA Consultancy Services de Mexico, S.A. de C.V. as at December 31, 2017, and its results 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 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 opinion.

Emphasis of Matter

As mentioned in notes 1 and 3 i) to the accompanying financial statements, the principal activity is to provide technology and consultancy services. At December 31, 2017 this operation represents the 70% of the operative revenue. 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 IFRS, 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 includcs 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 protessional 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 Matters

The financial statements of the Company as at and for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 25, 2017.

KPMG CARDENAS DOSAL, S. C.

C.P.C. Francisco Rodriguez Duenas

Monterrey, Nuevo Leon, Mexico
May 14, 2018

Statements of Financial Position as of December 31, 2017 and 2016

(In millions of Mexican Pesos)

	Note	2017	2016
ASSETS			
Current assets			
Cash	5	**429.08**	202.15
Trade receivables	7	**381.57**	311.44
Related parties	6 (c)	**625.41**	566.74
Unbilled revenues	8	**207.51**	124.77
Other current financial assets	9 (a)	**1.49**	4.57
Loans granted to related parties	6 (c)	**70.91**	162.03
Other current assets	10	**496.84**	677.27
Total current assets		**2,212.81**	2,048.97
Non-current assets			
Other non-current financial assets	9 (b)	**132.25**	132.25
Deferred tax assets	15	**112.42**	35.02
Equipment, net	11	**0.05**	0.65
Total non-current assets		**244.72**	167.02
TOTAL ASSETS		**2,457.53**	2216.89
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	12	**50.38**	63.39
Related parties	6 (c)	**335.19**	391.92
Provisions		**7.65**	6.63
Other current financial liabilities	14	**8.83**	19.23
Unearned and deferred revenue	8	**167.64**	63.00
Provision for income tax		**98.32**	176.26
Other current liabilities	13	**-**	17.46
Total current liabilities		**668.01**	737.89
Non-current liabilities			
Borrowings - Long term	6 (c)	**-**	223.60
Total non-current liabilities		**-**	223.60
TOTAL LIABILITIES		**668.01**	961.49
Equity			
Share Capital		**2.62**	2.62
Retained earnings		**1,786.90**	1,252.78
Total equity		**1,789.52**	1,255.40
TOTAL LIABILITIES AND EQUITY		**2,457.53**	2,216.89

See accompanying notes to financial statements.

Statements of Income for the years ended December 31, 2017 and 2016

(In millions of Mexican Pesos)

	Note	2017	2016
Revenues:			
Consultancy services	6 (b)	**5,452.27**	4,634.02
Sale of equipment and software licenses		**-**	15.10
Total revenues		**5,452.27**	4,649.12
Operating expenses:			
Employee benefit expense		**5.76**	9.44
Other operating expense	6 (b), 19	**4,313.05**	3,747.13
Depreciation and amortization expense		**0.58**	0.71
Total operating expenses		**4,319.39**	3,757.28
OPERATING PROFIT		**1,132.88**	891.84
Other income (expense):	18, 6B		
Finance income		**4.30**	13.12
Other gains (losses), net		**4.36**	45.38
Finance costs		**(0.91)**	(11.52)
		7.75	46.98
PROFIT BEFORE INCOME TAXES		**1,140.63**	938.82
Income tax expense	15	**307.21**	361.33
NET INCOME		**833.42**	577.49

See accompanying notes to financial statements.

Statements of Stockholders' Equity for the years ended December 31, 2017 and 2016

(In millions of Mexican Pesos)

	Share Capital	Retained earnings	Total stockholders' equity
Balances as of January 1, 2016	2.62	1,082.88	1,085.50
Net income of the year		577.48	577.48
Dividend distribution (note 17 (b))		(407.58)	(407.58)
Balances as of December 31, 2016	2.62	1,252.78	1,255.40
Net income of the year		**833.42**	**833.42**
Dividend distribution (note 17 (b))	**-**	**(299.30)**	**(299.30)**
Balances as of December 31, 2017	**2.62**	**1,786.90**	**1,789.52**

See accompanying notes to financial statements.

Statements of Cash Flows

(In millions of Mexican Pesos)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	**833.42**	577.48
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation	**0.58**	0.71
Net financial income	**(2.19)**	-
Income tax expense	**307.21**	361.33
Net change in:		
Trade receivable	**(70.13)**	(276.60)
Related parties	**(115.47)**	(226.86)
Unbilled revenues	**(82.74)**	(13.12)
Other financial assets (current and non-current)	**(109.41)**	572.27
Other assets (current and non-current)	**180.43**	(336.44)
Trade payables	**(13.01)**	(15.39)
Other financial liabilities (current)	**(17.03)**	11.81
Unearned and deferred revenues	**104.64**	43.86
Other liabilities (current and non-current)	**(17.46)**	193.28
Cash generated from operations	**998.84**	836.33
Taxes paid	**(342.34)**	(318.06)
Net cash flows generated by operating activities	**656.50**	518.27
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	**0.02**	(0.01)
Loan given to related parties	**(70.91)**	
Interest received	**3.03**	
Proceeds from loans to related parties	**162.03**	
Net cash used in investing activities	**94.17**	(0.01)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of long term borrowings	**-**	58.32
Repayment of long term borrowings	**(223.60)**	-
Dividends paid	**(299.30)**	(407.58)
Interest paid	**(0.84)**	-
Net cash used in financing activities	**(523.74)**	(349.26)
Net increase in cash	**226.93**	169.00
Cash and cash equivalents, beginning of the year	**202.15**	33.15
Cash and cash equivalents, end of the year	**429.07**	202.15

See accompanying notes to financial statements.

Notes forming part of the Financial Statements

These financial statements have been translated from the Spanish language original and for the convenience of foreign/English-speaking readers.

1. ACTIVITIES

TATA Consultancy Services de México, S.A. de C.V. (the "Company") is a subsidiary de TCS Iberoamérica, S.A and is engaged in providing information technology and consultancy services, application development, IT infrastructure management, including services under contracts for software development, implementation and other related services. It was incorporated as a corporation with variable capital, in accordance with Mexican law, on April 9, 2003, with a duration of 99 years and with principal place of business in Insurgentes Sur No. 664 piso 2, Colonia del Valle Norte, Delegación Benito Juárez, Mexico City.

The Company has no employees, therefore it is not subject to labor obligations. Administrative services required for operation are provided by the affiliated company for a fee (note 6).

For the years ended at December 31, 2017 and 2016, consultancy services rendered to related parties represented 70% and 81%, respectively of the Company's total consultancy service revenue.

2. BASIS OF PREPARATION

Authorization

On May 14, 2018 Mr. Claudio Yukio Yoshida (Finance Director) and Adriana Elizabeth Torres Nava (Country Manager) authorized the issuance of the accompanying financial statements and related notes thereto.

In accordance with the General Corporations Law and the bylaws of TATA Consultancy Services de México, S.A. de C.V., the stockholders' are empowered to modify the financial statements after issuance. The accompanying financial statements will be submitted to the next Stockholders' Meeting for approval.

a. ***Statement of compliance***

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by International Accounting Standard Board (IASB).

b. ***Use of estimates and judgments***

The preparation of these financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented.

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

The key source of estimation uncertainty that have a risk of causing a material adjustment within the next financial year are useful lives of property and equipment, valuation of deferred tax assets and contingent liabilities.

c. ***Functional and reporting currency***

The Company's accompanying financial statements are presented in thousand Mexican pesos ("pesos" or "$"), which is the national currency of Mexico and the currency in which such financial statements are presented.

To determine the functional currency, management assesses the economic environment in which it primarily generates and disburses cash. For this, factors related to sales, costs, sources of financing and cash flows generated by the operation are considered. Because the Company has identified the dollar, as its functional currency.

As of December 31, 2017 and 2016, the peso/dollar exchange rates were $19.74 and $ 20.66, respectively. Unless otherwise indicated, all financial information presented in pesos has been rounded to the nearest millions. When referring to "US" or dollars, it refers to amounts expressed in thousands of dollars of the United States of America or E.U.A, when referring to "EUR" means millions of Euro, "CAD" means millions Canadian dollar, "BRL" means millions of Brazilian real, "ARS" means millions of Argentine peso, "COP" means millions of Colombian peso and "CLP" means millions of Chilean peso.

d. ***Statements of comprehensive income presentation***

The Company presents comprehensive income in a single statement of net income or loss entitled "Statement of Income" 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.

Given that the Company is a service entity, ordinary costs and expenses are presented based on their nature, as the information so reported is clearer. Additionally, the "Operating profit" line item is included, which results from subtracting the cost of sales and expenses from total revenues, as this line item is considered to provide a better understanding of the Company's economic and financial performance.

e. ***Statements of cash flows***

The statements of cash flows of the Company are presented using the indirect method.

f. ***Basis of measurement***

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

a. Foreign currency

Transactions in foreign currency are translated at the exchange rate prevailing on the date of execution or settlement. Monetary assets and liabilities are at the exchange rate on the balance sheet date. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities are reported on the statement of income on other gains (losses), net.

b. Financial instruments

i. ***Non- derivative financial instruments***

Non-derivative financial instruments include: cash, accounts receivable, related parties, other current assets, trade payables, loans, interest payable and other accounts payable.

The Company initially recognizes other accounts receivables on the date on which they originate. All other financial assets are recognized initially on the trade date. The Company initially recognizes suppliers and other accounts payable on the date on which they originate. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes party to the contractual provisions of the instrument.

The Company discontinues a financial asset when the contractual rights to the cash flows coming from the assets expire, or the rights to receive the contractual cash flows from the financial asset are transferred in a transaction where substantially all risks and benefits of holding the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

ii. ***Non-derivate financial assets***

Cash includes the cash balances and deposits on demand with original maturities of less than three months.

Trade receivables, related parties and loans are financial assets with fixed or determined payments that are not listed in an active market. These assets are recognized initially at historic cost plus the costs directly attributable to the transaction. After initial recognition, the trade receivables related parties and loans are measured at amortized cost using the effective interest method, less impairment losses.

iii. ***Non-derivate financial liabilities***

The Company removes a financial liability when they satisfied or canceled, or expire their contractual obligations.

The Company has the following non-derivative financial liabilities: unearned and deferred revenue, and current liabilities.

Notes forming part of the Financial Statements

These financial liabilities are initially recognized at fair value plus the costs directly attributable to the transaction. After initial recognition, these financial liabilities are valued at amortized cost using the effective interest method.

iv. ***Capital stock***

Common shares are classified in stockholders' equity.

c. Prepayments

Mainly include prepayments for the purchase of services that are received after the date of the statement of financial position and in the ordinary course of operations.

d. Equipment

Equipment are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The furniture and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the amount susceptible to depreciation, corresponding to the cost of an asset, or another amount that replaces the cost.

Depreciation is recognized in the income and loss statement using the straight-line method according to the estimated useful life of each component of an item of equipment, since this better reflects the usage patter expected of the future economic benefits included in the asset

The annual depreciation rates of the assets are as follows:

	% average rate of depreciation
Office furniture and equipment	20
Computers	25

Minor repairs and maintenance costs are expensed as incurred.

Subsequent expenditures

Expenditures are capitalized only when it increases the future economic benefits embodied in the corresponding asset. Any other expenditures are recognized in income statement as incurred.

e. Impairment

i. *Financial assets*

A financial asset not classified as at fair value through income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss events had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired includes default or delinquency by a debtor, restructuring of an amount owed to the Company in terms that the Company would not consider otherwise, indications that a debtor will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in fair value below the cost is objective evidence of impairment.

The Company considers evidence of impairment for trade receivables and related parties. All individually significant trade receivables and related parties are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Trade receivables and related parties that are not individually significant are collectively assessed for impairment by grouping together trade receivables and related parties with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss with respect to a financial asset measured at amortized cost is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in income and reflected in an allowance for receivables. Interest on the impaired asset continues to be recognized through the discount effect for the passage of time. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is recognized in the income and loss statement.

ii. *Non-financial assets*

The carrying amounts of the Company'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 recognized if the carrying amount of an asset or the cash-generating unit is greater than recovery value. Impairment losses are recognized in the income and loss statement, except for revalued assets. Impairment losses recorded in relation to the cash-generating units are distributed to reduce the carrying value of other assets in the unit (group of units) on an apportionment basis.

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit is higher than its recovery value. Impairment losses are recognized in income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recovery value. An impairment loss is only reversed to the extent that the carrying amount of the asset is not greater than the carrying amount that would have been determined net of depreciation or amortization, had no impairment loss been previously recognized.

When the asset or the cash-generating unit is updated through the revaluation model, the reversal of the impairment loss determined is recorded in income for up to the amount that had been previously recognized in the statement of comprehensive income; and the difference, if any, is recorded in the revaluation surplus.

f. 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.

g. Income taxes (IT)

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

i. Current tax

Current income tax ("ISR") is recognized in the results of the year in which is incurred.

ii. Deferred income tax

Deferred IT is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at 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.

Notes forming part of the Financial Statements

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax loss carry forward asset, tax credits and deductible temporary differences are recognized to the extent that it is likely that taxable income may be available in the future against which they can be applied. The deferred assets are reviewed as of the reporting date and are reduced to the extent that the realization of the corresponding tax benefit is no longer probable.

h. Revenue recognition

The Company earns revenues primarily from providing information technology and consultancy services, application development, IT infrastructure management, including services under contracts for software development, implementation and other related services.

Contracts are unbundled into separately identifiable components and the consideration is allocated to those identifiable components on the basis of their relative fair values. Revenue is recognized for respective components either at the point in time or over time, as applicable.

Revenues from contracts priced on a time and material basis is recognized as the services are rendered and as related costs are incurred.

Revenues from software development contracts, which are generally time bound fixed price contracts, are recognized over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognized when probable. Revenues in excess of billings are recognized as unbilled revenues in the statement of financial position; to the extent billings are in excess of revenues recognized, the excess is reported as unearned and deferred revenue in the statements of financial position.

Revenues from business process services contracts priced on the basis of time and material or unit of delivery are recognized as services are rendered or the related obligation is performed.

Revenues from maintenance contracts are recognized on pro-rata basis over the period of contract.

Revenue is recognized only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

Revenue is reported net of discounts and indirect taxes.

Revenue from the sale of internally developed and manufactured systems and third party products which do not require significant modification is recognized upon delivery, which is when the absolute right to use passes to the customer and the Company does not have any material remaining service obligations.

i. Business concentration

As of December 31, 2017, revenue provided for the technology and consultancy services provided to related parties represents 70% of total operating revenue.

j. Financial income and costs, and other gain (losses)

- Interest income

  Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

- Finance cost

  Financial costs include interest expenses on loans. The loan costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in income using the effective interest method.

k. 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.

l. Newly issued IFRS not yet adopted

There are different IFRS issued as of the date of these financial statements that have yet to be adopted and they are described below. Except when mentioned otherwise, the Company considers adopting these IFRS on the dates they are effective.

IFRS 9, Financial instruments: classification and measurement (IFRS 9)

IFRS 9 sets forth the guidance relating to the classification and measurement of financial assets and liabilities, the accounting for expected credit losses of financial assets and commitments to extend credits, as well as the requirements for hedge accounting; and will replace IAS 39, Financial instruments: recognition and measurement (IAS 39) in its entirety. IFRS 9 is effective beginning January 1, 2018. Among other aspects, IFRS 9 changes the current classification categories for financial assets under IAS39 of: 1) held to maturity; 2) loans and receivables; 3) fair value through the income statement; and 4) available for sale; and replaces them with categories that reflect the measurement method considering the contractual cash flow characteristics and the entity´s business model for managing the financial assets: 1) amortized cost, that will significantly comprise IAS39 held to maturity and loans and receivables categories; 2) fair value through other comprehensive income, similar to IAS39 definition. The adoption of the new classification categories under IFRS 9 will not have any significant effect on the Company's operating results, financial situation.

In addition, under the new impairment model based on expected credit losses, impairment losses for the entire lifetime of financial assets, including trade accounts receivable, are recognized on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if the loss has not yet been incurred, considering for their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability. Changes in the allowance for doubtful accounts under the new expected credit loss model upon adoption of IFRS 9 on January 1, 2018 will be recognized through equity.

The Company is in process of evaluating the impact, if any, of this Standard on its financial statements, however the Company does not expect material impacts that should be recognized as of January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers

Under IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer a customer (agreement that creates enforceable rights and obligations); Step 2: Identify the different perform obligations (promises) in the contract and account for those separately; Step 3: Determine the transaction price (amount of consideration an entity expects to be entitled in exchange for transferring promised goods or services); Step 4: Allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or services; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good o services to the customer. A performance obligation may be satisfied at a point in the time (typically for the sale of goods) or over time (typically for the sale of services - and construction contracts). IFRS 15 also includes disclosure requirements to provide comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 is effective on January 1, 2018 and will supersede all existing guidance on revenue recognition.

The Company is in process of evaluating the impact, if any, of this Standard on its financial statements, however the Company does not expect material impacts that should be recognized as of January 1, 2018.

Notes forming part of the Financial Statements

IFRIC 22- Foreign Currency Transactions and advance consideration

On December 8, 2016, the International Accounting Standards Board issued IFRIC 22 which clarifies the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

IFRS 16- Leases

The regulation was issued in January 2016 and the changes will be effective as of January 1, 2019, with early application permitted provided that IFRS 15 Revenue from contracts with customers has been adopted. This new rule encourages the majority of leases to be presented in the statement of financial position for lessees under a single model, eliminating the distinction between operating and financial leases. For tenants, the lease will become the recognition of an asset (right of use), as well as a liability that will generate an interest expense, which also implies changes in the accounting recognition during the life of the lease. However, accounting for landlords remains with the distinction between.

During 2016, the Company began to evaluate the impacts of IFRS 16 and to analyze its main operating and financial lease agreements in force, in order to inventory the main characteristics thereof (types of assets, committed payments, maturity dates). , renewal clauses, etc.). During 2018, the Company will reevaluate its policy under IFRS 16, in order to establish the basis and be able to quantify the necessary adjustments for the appropriate recognition of the assets for the "right-of-use" and the corresponding financial liabilities. , with the plan to adopt IFRS 16 on January 1, 2019 in full retrospective. On a preliminary basis, based on its analysis as of the reporting date, the Company believes that with the adoption of IFRS 16, the majority of operating leases will be recognized in the statement of financial position increasing assets and liabilities, without an initial effect significant in net assets. The Company does not consider the anticipated application of IFRS 16.

The management of the Company does not expect significant impact as result of the application of these Standards.

IFRIC 23, Interpretation of uncertain tax positions

This interpretation seeks to clarify the application of the recognition and measurement criteria established in IAS 12, Income Taxes, when there are uncertain tax positions. Uncertain tax positions are those tax positions where there is uncertainty about whether the competent tax authority will accept the tax position under current tax laws.

In such cases, the entity recognizes and measures its assets or liabilities for current or deferred taxes applying the requirements of IAS 12 based on tax profits (losses), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this Interpretation.

The Company will apply IFRIC 23 for annual reporting periods beginning on or after January 1, 2019. Early application is permitted and the event must be disclosed. Upon initial application, it is applied retrospectively under the IAS 8 requirements by modifying comparative periods or retrospectively with the accumulated effect of initial application as an adjustment in the initial balance of retained earnings, without modifying comparative periods.

The Company is in the process of determining the potential impacts that will be derived in its consolidated financial statements by the adoption of these standards, however, due to the nature of its operations, management does not expect a significant impact.

4. RECLASSIFICATION

The Company decided to present the statement of income by nature, for which the following reclassifications were made:

(In millions of Mexican Pesos)

Operating Expenses and other operating income	Previously reported in 2016	**Reclassification**	**Amounts presented in 2017**
Service costs and expenses	3,756.80	**(3,756.80)**	**-**
Other operating income, net	(33.97)	**33.97**	**-**
Employee benefits expenses	-	**9.44**	**9.44**
Other operating expenses	-	**3,747.13**	**3,747.13**
Depreciation and amortization expense	-	**0.71**	**0.71**
Other gains (losses), net	-	**(34.45)**	**(34.45)**

5. CASH

Cash consists of the following:

(In millions of Mexican Pesos)

	2017	2016
Current account balances with banks	**429.08**	202.15

As of December 31, 2017 and 2016 there is no restricted cash.

In note 16 discloses the Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities.

6. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a. The Company does not have business operations with members of management and close relatives outside operations at arm´s length and available to the general public and for non-significant amounts.

b. Transactions with related parties are as follows:

(In millions of Mexican Pesos)

	2017	2016
Revenues from:		
Consultancy services:		
Tata America International Corporation	**3,583.55**	3,540.98
Tata Consultancy Services Limited	**124.44**	53.50
TCS Colombia	**22.79**	47.18
TCS Sverige AB	**17.50**	12.82
Tata Consultancy Services de España	**11.92**	28.76
TCS Canada Inc.	**16.74**	21.82
TCS Deutschland GmbHclaudio	**16.77**	7.17
TCS Switzerland Ltd.	**7.92**	5.92
TCS Belgium	**7.78**	-
TCS Sucursal Peru	**3.09**	4.31
TCS Argentina S.A.	**1.89**	12.19
TCS France SAS	**0.99**	1.03
Tata Consultancy Services Chile S.A.	**0.60**	2.55
TCS Solution Center SA Ecuador	**0.56**	3.02
Tata Consultancy Services do Brasil Ltda.	**-**	1.80
TCS Uruguay S.A.	**-**	0.70
	3,816.54	3,743.75

(In millions of Mexican Pesos)

Interest	2017	2016
TCS Colombia	**1.76**	-
MGDC, S.C.	**1.49**	-
Tata Consultancy Services do Brasil Ltda.	**0.48**	0.75
TCS Solution Center SA Uruguay	**0.26**	1.33
TCS Uruguay S.A.	**-**	5.06
TCS Iberoamerica, S.A.	**-**	5.96
	3.99	13.10

Notes forming part of the Financial States

(In millions of Mexican Pesos)

	2017	2016
Expenses for:		
Administrative services:		
MGDC, S.C.	**2,846.67**	2,379.42
Tata Consultancy Services Limited	**1,246.52**	749.98
TCS Inversions Chile Ltda	**37.34**	-
TCS Chile S.A.	**27.23**	33.32
TCS Colombia	**9.45**	4.75
Tata America International Corporation	**1.56**	2.24
TCS Canada	**1.1**	-
TCS Uruguay S.A.	**0.30**	1.94
TCS do Brasil Ltda	**0.19**	-
TCS Solution Center SA Uruguay	**-**	0.19
TCS Solution Center SA Ecuador	**-**	0.85
	4,170.36	3,172.69

(In millions of Mexican Pesos)

Interest	2017	2016
Tata Consultancy Services Chile S.A.	**0.69**	8.07
TCS Uruguay, S.A.	**0.15**	3.36
	0.84	11.43

(In millions of Mexican Pesos)

Dividends	2017	2016
TCS Iberoamerica, S.A	**296.56**	403.50
TCS Solution Center SA Uruguay	**2.74**	4.08
	299.30	407.58

c. Balances with to related parties

(In millions of Mexican Pesos)

	2017	2016
Receivable from related parties:		
Tata America International Corporation	**382.70**	377.11
TCS Colombia	**133.04**	113.65
Tata Consultancy Services Limited	**66.48**	23.07
TCS Argentina S.A.	**19.81**	19.59
TCS Belgium	**7.78**	-
TCS Sucursal Peru	**5.38**	3.06
TCS de España	**5.23**	10.65
TCS Deutschland GmbH	**2.98**	0.60
TCS Canada Inc.	**0.86**	2.87
TCS Switzerland Ltd.	**0.77**	0.53
TCS Sverige	**0.36**	1.92
TCS France SAS	**0.02**	0.09
TCS Chile S.A.	**-**	0.27
TCS do Brasil Ltda	**-**	13.24
TCS Solution Center SA Ecuador	**-**	0.09
Total	**625.41**	566.74

The balances receivable come from consultancy services rendered to the related parties and will be liquidated within commercial terms agreed by the Company.

Notes forming part of the Financial Statements

(In millions of Mexican Pesos)

	2017	2016
Receivable from related parties loans:		
TCS Brazil	**-**	21.72
A US$1,000 loan was granted on October 2, 2013 with an interest rate of 4.0%.		
MGDC, S.C.	**-**	119.30
A loan of $127.36 MXN of October 30, 2013 was granted, which is effective until December 31, 2018 with an interest rate of 1.5%.		
TCS Solution Center	**-**	21.01
An initial loan of US$5,000 was granted, leaving a balance of $7.775 million as of September 30, 2016 with an interest rate of 4.5%.		
TCS Colombia	**70.91**	-
An initial loan of US$1,000 was granted, leaving a balance of $7.91 million as of December 31, 2017 with an interest rate of 4.5%.		
Total loans	**70.91**	162.03

(In millions of Mexican Pesos)

	2017	2016
Due to related parties current:		
Tata Consultancy Services Limited	**256.02**	253.01
TCS Inversions Chile	**38.62**	-
Tata America International Corporation	**20.59**	0.54
Tata Sons Ltd	**10.48**	-
TCS Colombia	**3.24**	0.73
TCS Chile	**2.54**	-
TCS Canada	**2.30**	-
TCS Switzerland Ltd.	**0.32**	-
TCS Ecuador	**0.33**	-
TCS Deutschland GmbH	**0.31**	-
Tata Consultancy Services Sucursal Perú	**0.23**	-
TCS Argentina	**0.14**	-
TCS Uruguay	**0.05**	-
TCS France SAS	**0.02**	-
MGDC, S.C.	**-**	135.01
Tata Consultancy Services Chile S.A.	**-**	2.37
Tata Consultancy Services do Brasil Ltda.	**-**	0.26
Total	**335.19**	391.92

The balances payable come from consultancy and administrative services received from the related parties and will be liquidated within commercial terms agreed by the Company.

Notes forming part of the Financial Statements

(In millions of Mexican Pesos)

	2017	2016
Due to related parties loans:		
TSC Chile	-	207.54
Document due for US$10,000 on March 22, 2016 payable upon request by the lender or until the total loan is settled with an interest rate of 4.0%.		
TCS Chile	-	16.06
Document due US$5,000 as of February 25, 2014 payable when requested by the lender or until the total loan is settled with an interest rate of 4.0%.		
Total loans payable	-	223.60

7. TRADE RECEIVABLES

Trade receivables consist of the following:

(In millions of Mexican Pesos)

	2017	2016
Trade receivable – gross	381.95	312.07
Less: Allowance for doubtful trade receivable	0.38	0.63
Total	381.57	311.44

Movements in allowance for doubtful trade receivables are as follows:

(In millions of Mexican Pesos)

	2017	2016
Balance at the beginning of the year	0.63	0.57
Allowance for doubtful receivables	-	-
Amounts recovered during the year	(0.21)	-
(Less) Add: Foreign currency exchanges differences	(0.04)	0.06
Balance at the end of the year	0.38	0.63

8. UNBILLED REVENUE AND UNEARNED REVENUE

(In millions of Mexican Pesos)

	2017	2016
Earned revenue on projects to date	5,452.27	4,634.02
Less: Billings on projects to date	5,412.40	4,572.25
Net consolidated balance sheet position	39.87	61.77
Reported as:		
Unbilled revenue	207.51	124.77
Unearned and deferred revenue	167.64	63.00
	39.87	61.77

Notes forming part of the Financial Statements

9. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets consist of the following:

a) Other current financial assets

(In millions of Mexican Pesos)

	2017	2016
Employee advances	**1.07**	3.71
Others	**0.42**	0.86
Total	**1.49**	4.57

b) Other non-current financial assets

(In millions of Mexican Pesos)

	2017	2016
Deposits for premises	**132.25**	132.25
Total	**132.25**	132.25

10. OTHER CURRENT ASSETS

(In millions of Mexican Pesos)

	2017	2016
Advance to suppliers	**9.91**	11.67
Value added tax recoverable	**481.68**	662.12
Other current assets- Others	**5.33**	(3.32)
Other advances	**(0.08)**	6.80
Total	**496.84**	677.27

11. EQUIPMENT

Equipment comprise the following:

(In millions of Mexican Pesos)

	Transportation equipment	Computer equipment	Furniture and fixtures	Total
Gross block as of January 1, 2017	0.68	5.17	1.29	7.14
Purchases	-	-	-	-
Disposals	-	-	-	-
Gross block as of December 31, 2017	0.68	5.17	1.29	7.14
Accumulated depreciation as of January 1, 2017	0.66	4.67	1.18	6.51
Disposals	-	-	-	-
Depreciation for the year	0.02	0.48	0.08	0.58
Accumulated depreciation as of December 31, 2017	0.68	5.15	1.26	7.09
Net carrying amount as of December 31, 2017	-	0.02	0.03	0.05
Capital work in progress	-	-	-	-
Total	-	0.02	0.03	0.05

Notes forming part of the Financial Statements

(In millions of Mexican Pesos)

	Transportation equipment	Computer equipment	Furniture and fixtures	Total
Gross block as of January 1, 2016	0.68	5.17	1.29	7.14
Purchases	-	-	-	-
Disposals	-	-	-	-
Gross block as of December 31, 2016	0.68	5.17	1.29	7.14
Accumulated depreciation as of January 1, 2016	0.50	4.19	1.11	5.80
Disposals	-	-	-	-
Depreciation for the year	0.15	0.49	0.07	0.71
Accumulated depreciation as of December 31, 2016	0.65	4.68	1.18	6.51
Net carrying amount as of December 31, 2016	0.03	0.49	0.11	0.63
Capital work in progress	-	-	0.02	0.02
Total	0.03	0.49	0.13	0.65

12. TRADE PAYABLES

Trade and other payable consist of the following:

(In millions of Mexican Pesos)

	2017	2016
Trade payable	**50.38**	63.39
Total	**50.38**	63.39

13. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

(In millions of Mexican Pesos)

	2017	2016
Indirect tax payable and other statutory liabilities	**-**	17.46
Total	**-**	17.46

14. OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities consist of the following:

(In millions of Mexican Pesos)

	2017	2016
Accrued payroll	**1.35**	1.17
Accrued interest	**-**	3.04
Capital creditors	**-**	0.01
Payable for volume discount	**7.48**	15.01
Total	**8.83**	19.23

15. INCOME TAXES

IT Law effective as of January 1, 2014 imposes an IT rate of 30% for 2014 and thereafter.

Tax on earnings

The income tax expense is as follows:

(In millions of Mexican Pesos)

	2017	2016
Current income tax	**384.61**	332.40
Deferred income tax	**(77.40)**	28.93
Total	**307.21**	361.33

Income tax expense attributable to income 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:

(In millions of Mexican Pesos)

	2017	2016
Income before income taxes	**1,140.63**	938.82
Income tax	**307.21**	361.33
Statutory rate:	**342.19**	281.64
Anticipated taxable income from prior year	**(35.02)**	(6.08)
No deductibles	**26.91**	66.87
Inflation effects	**(26.87)**	18.90
Total items	**(34.98)**	79.69
Effective rate	**307.21**	361.33

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities, are presented below:

(In millions of Mexican Pesos)

	2017	2016
Deferred income asset:		
Advance payments	**107.17**	-
Reserves and provisions	**5.19**	38.14
Fixed assets	**0.06**	0.37
Deferred income liability:		
Advance payments	**-**	(3.50)
Total deferred tax asset	**112.42**	35.01

The movements of deferred tax assets (liabilities) in the year are as follows:

(In millions of Mexican Pesos)

	2017	2016
Beginning balance	**35.02**	63.95
IT applied to income of the year	**77.40**	(28.93)
	112.42	35.02

Notes forming part of the Financial Statements

16. FINANCE RISK MANAGEMENT

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 the contractual obligations, and arises mainly from the Company's trades receivables and investment securities and derivative financial instruments.

Investments

The Company limits exposure to credit risk by investing only in liquid instruments and with counterparties of good credit quality. Therefore management does not expect any of the counterparties to default on obligations.

Credit Risk Exposure

The carrying amount of the financial assets mentioned above represents the maximum credit exposure. Maximum credit risk exposure is shown below:

(In millions of Mexican Pesos)

	2017	2016
Financial Assets		
Cash	**429.08**	202.15
Trade receivables	**381.57**	311.44
Related parties	**625.41**	566.74
Other current financial assets	**72.40**	166.61
Total	**1,508.46**	1,246.94

(In millions of Mexican Pesos)

	2017	2016
Financial liabilities		
Trade payables	**50.38**	63.39
Related parties	**335.19**	391.92
Other current financial liabilities	**8.83**	19.23
Total	**394.40**	474.54

The classification of accounts receivable to customers according to their seniority at the date of the report is included below:

(In millions of Mexican Pesos)

End Client	**Gross 2017**	**Impairment 2017**	Gross 2016	Impairment 2016
Overdue 0 to 30 days	**325.01**	**-**	168.73	-
Overdue 31 to 120 days	**40.84**	**-**	78.01	-
Overdue for more than 120 days	**15.72**	**-**	64.70	-
	381.57	**-**	311.44	-

(In millions of Mexican Pesos)

Related Parties	Gross 2017	Impairment 2017	Gross 2016	Impairment 2016
Overdue 0 to 30 days	433.85	-	433.25	-
Overdue 31 to 120 days	39.44	-	27.88	-
Overdue for more than 120 days	152.12	-	105.61	-
	625.41	-	566.74	-

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking the Company's reputation.

The following are the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of the compensation agreements. The cash flows included in the maturity analysis are not expected to be presented much before or for sensitively different amounts.

(In millions of Mexican Pesos)

2017	Book value	Contractual cash flows	0 - 12 months
Non-derivate financial liabilities			
Trade payables	50.38	50.38	50.38
Other current financial liabilities	8.83	8.83	8.83

(In millions of Mexican Pesos)

2016	Book value	Contractual cash flows	0 - 12 months
Non-derivate financial liabilities			
Trade payables	63.39	63.39	63.39
Borrowings.- related party	223.60	223.60	223.60
Other current financial liabilities	19.23	19.23	19.23

Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchanges rates, interest rates and equity prices – will affect the fulfilment cash flows of insurance and reinsurance contracts as well as the fair value or future cash flows of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk.

Notes forming part of the Financial Statements

Foreign currency risk

The Company is exposed to currency risk by conducting consultancy services originating from other than the functional currency. The Company is exposed to currency risk through the currencies US dollar, Brazilian real, Argentinian peso, Colombian peso, and Chilean Peso.

	2017				
	USD	**BRL**	**ARS**	**COP**	**CLP**
Cash	**13,585**	**-**	**-**	**-**	**-**
Related parties	**25,950**	**-**	**7.43**	**11,959.35**	**3.38**
Trade receivables	**2,450**	**-**	**-**	**-**	**-**
Trade and other payables	**(5,900)**	**-**			**(811.12)**
	36,085	**-**	**7.43**	**11,959.35**	**(807.74)**

	2016				
	USD	BRL	ARS	COP	CLP
Cash	8,402	-	-	-	-
Related parties	22,503	2.08	5.56	9,003.00	8.54
Trade receivables	3,818	-	-	482.82	-
Trade and other payables	(1,360)	-	-	-	-
	33,361	2.08	5.56	9,486.18	8.54

The exchange rates used in the various translation processes to the reporting currency at December 31, 2017 and 2016 were as follows:

	2017	2016
USD	**19.74**	20.66
EUR	**23.61**	21.78
CAD	**15.69**	15.35
BRL	**5.95**	6.35
ARS	**1.03**	1.30
COP	**0.01**	0.01
CLP	**0.03**	0.03

Sensitivity analysis of exchange.

	Equity	Income	Equity	Income
	2017	**2017**	2016	2016
USD (10% of strengthening)	**(71.22)**	**(71.22)**	(68.94)	(68.94)
USD (10% of weakening)	**71.22**	**71.22**	68.94	68.94
BRL (10% of strengthening)	**-**	**-**	(1.32)	(1.32)
BRL (10% of weakening)	**-**	**-**	1.32	1.32
COP (10% of strengthening)	**(7.89)**	**(7.89)**	(6.54)	(6.54)
COP (10% of weakening)	**7.89**	**7.89**	6.54	6.54
CLP (10% of strengthening)	**(2.58)**	**(2.58)**	(0.03)	(0.03)
CLP (10% of weakening)	**2.58**	**2.58**	0.03	0.03
ARS (10% of strengthening)	**(0.76)**	**(0.76)**	(0.72)	(0.72)
ARS (10% of weakening)	**0.76**	**0.76**	0.72	0.72

17. STOCKHOLDERS' EQUITY

a) ***Structure of share capital***

As of December 31, 2017, share capital fully issued and paid is represented by 50,000 common shares (corresponding to the minimum fixed portion) with a par value of $1 each one. The variable portion is unlimited.

b) ***Structure of share capital***

At the Regular General Stockholders' Meeting held on May 2, 2017, a resolution was passed to declare a dividend from retained earnings in the amount of $299.30 per share, which were paid on June 19, 2017.

At the Regular General Stockholders' Meeting held on November 18, 2016, a resolution was passed to declare a dividend from retained earnings in the amount of $407.58 per share, which were paid on December 19, 2016

At the Regular General Stockholders' Meeting held on March 18, 2016, a resolution was passed to declare a dividend from retained earnings in the amount of $111.80, which were paid on March 18, 2016.

c) ***Restriction in Stockholders' Capital***

In accordance with the General Corporations Law, five percent of net income for the year must be appropriated to the statutory reserve, until it reaches one-fifth of capital stock. As of December 31, 2017 and 2016, the legal reserve at nominal value of the Entity amounts to $ 10,000.

Stockholder contributions restated as provided for by the tax law, may be refunded to stockholders tax-free, to the extent that such contributions equal or exceed stockholders' equity.

Retained earnings and other stockholders' equity accounts, on which no IT have been paid, are 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.

Notes forming part of the Financial Statements

18. OTHER INCOME (EXPENSES)

	2017	2016
Recognized in income		
Foreign exchange gain	**149.68**	261.90
Interest income on loans and advances	**3.99**	13.11
Interest income on bank deposits	**0.31**	0.02
Financial income	**153.98**	275.03
Foreign exchange loss	**(145.32)**	(216.53)
Other interest expenses	**(0.91)**	(11.52)
Financial costs	**(146.23)**	(228.05)
Total other income, net	**7.75**	46.98

19. CONTINGENCIES AND COMMITMENTS

a) The Company has entered into service agreements with related parties, under which these companies provide technical assistance services necessary for the Company's operations. These agreements are for a period ending on December 2018. Total payments under these agreements, reported under administrative expenses, were $4,170.36 in 2017 and $3,171.84 in 2016 (million Mexican pesos).

b) The Company is involved in a number of lawsuits and claims arising in the normal course of business. It is expected that the final outcome of these matters will not have significant adverse effects on the Company's financial position and income (loss).

c) 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.

d) In accordance with the IT Law, companies carrying out transactions with related parties are subject to certain requirements as to the determination of prices, which should be similar to those that would be used in arm's-length transactions.

Should the tax authorities examine the transactions and reject the related-party prices, they could assess additional taxes plus the related inflation adjustment and interest, in addition to penalties of up to 100% of the omitted taxes.

e) The tax authorities are conducting a direct examination of certain Company operations. At May 11, 2018, this examination is still in progress. Management of the Company and their legal counsel do not anticipate that this examination will result in significant additional assessments.

MGDC, S.C.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended
December 31, 2017 and 2016

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF MANAGERS AND PARTNERS
MGDC, S. C.

Opinion

We have audited the financial statements of MGDC, S. C. (the Company), which comprise the statements of financial position as at December 31, 2017, the statement of comprehensive income, changes in partners' 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, the accompanying financial statements present fairly, in all material respects, the financial position of MGDC, S. C. as at December 31, 2017, and its results 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 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 opinion.

Emphasis of Matter

As mentioned in notes 1 and 3 m) to the accompanying financial statements, the main activity is to provide consultancy services mainly to its related parties. At December 31, 2017 this operation 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 IFRS, 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 Matters

The Financial statements of the Company as at and for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 25, 2017.

11 May 2018	**CARDENAS DOSAL, S. C.**
Monterrey, Nuevo	KPMG
Leon, Mexico	
	Francisco Rodriguez Dueñas

Statement of Financial Position as at December 31, 2017 and 2016

(Millions of Mexican pesos)

	Note	As at December 31,2017	As at December 31, 2016
ASSETS:			
Current assets:			
Cash	4	**253.88**	57.04
Related parties	5(c)	**38.04**	170.61
Other current financial assets	6(a)	**6.83**	31.48
Other current assets	7	**61.76**	22.05
Total current assets		**360.51**	281.18
Non-current assets:			
Other non-current financial assets	6(b)	**9.03**	6.34
Deferred tax assets	12	**14.00**	24.68
Leasehold improvements, furniture and equipment	8	**291.83**	359.77
Intangible assets		**0.09**	0.52
Other non-current assets		**0.74**	-
Total non-current assets		**315.69**	391.31
TOTAL ASSETS		**676.20**	672.49
LIABILITIES AND EQUITY:			
Liabilities:			
Current liabilities:			
Trade and other payables	9	**83.83**	86.04
Borrowings.- related party		-	116.55
Other current financial liabilities		**3.49**	47.54
Employee benefits obligations – Current	11	**89.97**	52.16
Provision for Income tax		**74.04**	34.38
Other current liabilities	10	**132.68**	87.52
Total current liabilities		**384.01**	424.19
Non-current liabilities:			
Employee Benefit Obligation-Non Current	11(c)	**44.92**	32.28
Total non-current liabilities		**44.92**	32.28
TOTAL LIABILITIES		**428.93**	456.47
Equity:			
Partners Capital		**0.05**	0.05
Other comprehensive income		**0.72**	3.02
Retained earnings		**246.50**	212.95
Total partners' equity		**247.27**	216.02
TOTAL LIABILITIES AND EQUITY		**676.20**	672.49

See accompanying notes to financial statements.

Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2017

(Millions of Mexican pesos)

	Note	**For the year ended December 31, 2017**	For the year ended December 31, 2016
REVENUES			
Consultancy services	5 (b)	**2,847.12**	2,380.89
Operating expenses:			
Employee benefit expense		**2,273.99**	1,967.70
Operation and other expense		**308.84**	213.42
Depreciation and amortization expense		**108.12**	102.39
TOTAL OPERATING EXPENSES		**2,690.95**	2,283.51
OPERATING PROFIT		**156.17**	97.38
Other income / (expense):	15		
Finance and other income		**0.25**	0.11
Other gains, net		**13.33**	16.26
Finance costs		**(3.08)**	(5.07)
OTHER INCOME, NET		**10.50**	11.30
PROFIT BEFORE INCOME TAXES		**166.67**	108.68
Income tax expense	12(a)	**133.12**	81.97
PROFIT FOR THE YEAR		**33.55**	26.71
OTHER COMPREHENSIVE INCOME (LOSS):			
Items that will be reclassified subsequently to profit:			
Remeasurement of defined benefit obligations	14(b)	**(2.30)**	3.02
TOTAL COMPREHENSIVE INCOME		**(2.30)**	3.02

See accompanying notes to financial statements.

Statement of changes in Equity for the year ended December 31, 2017 and 2016

(Millions of Mexican pesos)

	Share capital	Retained earnings	Other comprehensive income actuarial gain on employee benefits	Total equity
Balance as at January 1, 2016	0.05	186.24	-	186.29
Net income	-	26.71	-	26.71
Comprehensive income for the year 14 (b)	-	-	3.02	3.02
Balance as at December 31, 2016	0.05	212.95	3.02	216.02
Net income	**-**	**33.55**	**-**	**33.55**
Comprehensive (loss) for the year 14 (b)	**-**	**-**	**(2.30)**	**(2.30)**
Balance as at December 31, 2017	**0.05**	**246.50**	**0.72**	**247.27**

See accompanying notes to financial statements.

Statement of Cash Flows for the year ended December 31, 2017 and 2016

(Millions of Mexican pesos)

	For Year ended December 31, 2017	For Year ended December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	**33.55**	26.71
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**108.12**	102.38
Income tax expense	**122.45**	66.25
Interest expense	**(3.10)**	(6.90)
Interest income	**0.79**	0.10
Deferred income tax	**10.67**	15.72
Net change in:		
Related Parties	**132.57**	(155.33)
Other financial assets (current and non-current)	**24.65**	(17.00)
Other assets (current and non-current)	**(43.14)**	(5.35)
Trade and other payables	**(2.21)**	14.94
Other financial liabilities (current)	**38.92**	14.65
Employee benefit obligations	**12.64**	18.55
Cash generated from operations	**435.91**	74.78
Taxes paid	**(82.77)**	(28.79)
Net cash flows generated by operating activities	**353.14**	45.99
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	**(39.75)**	(114.88)
Net cash used in investing activities	**(39.75)**	(114.88)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short term borrowings (net)	**(298.63)**	116.55
Borrowings obtained	**182.08**	-
Interest paid	**-**	(0.50)
Net cash used in financing activities	**(116.55)**	116.05
Net increase in cash	**196.84**	47.16
Cash and cash equivalents, beginning of the year	**57.04**	9.88
Cash and cash equivalents, end of the year	**253.88**	57.04

See accompanying notes to financial statements.

Notes forming part of the Financial Statements

1. ACTIVITIES

MGDC, S.C. (the "Company") is a subsidiary of TCS Uruguay, S.A. and TATA Consultancy Services Argentina, S.A. Its main activity is to provide personnel services mainly to its related parties. It was incorporated as a Civil Society in accordance with Mexican law, on March 16, 2007, with a duration of 99 years, its main business center is located at Camino el ITESO No. 8699, Colonia El Mante, C.P. 45609 in the municipality of Tlaquepaque, Guadalajara, Jalisco.

2. BASIS OF PREPARATION

Authorization

On May 11, 2018 Mr. Claudio Yukio Yoshida (Finance Director) and Adriana Elizabeth Torres Nava (Country Manager) authorized the issuance of the accompanying financial statements and related notes thereto.

In accordance with the General Corporations Law and the bylaws of MGDC, S. C., the partners' are empowered to modify the financial statements after issuance. The accompanying financial statements will be submitted to the next Partners' Meeting for approval.

a. Statement of compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), related by International Accounting Standard Board (IASB).

b. Use of estimates and judgments

The preparation of these financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the years presented.

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

The key source of estimation uncertainty that have a risk of causing a material adjustment within the next financial year are useful lives of leasehold improvements, furniture and equipment, valuation of deferred tax assets and contingent liabilities.

c. Functional and reporting currency

The aforementioned financial statements are presented in Mexican pesos (reporting currency), which is the same as the local currency and the functional currency.

As of December 31, 2017 and 2016, the peso/dollar exchange rates were $19.74 and $ 20.66, respectively. Unless otherwise indicated, all financial information presented in pesos has been rounded to the nearest millions. When referring to "US" or dollars, it refers to amounts expressed in thousands of dollars of the United States of America or E.U.A, when referring to "EUR" means millions of Euro, "CAD" means millions Canadian dollar, "BRL" means millions of Brazilian real, "ARS" means millions of Argentine peso, "COP" means millions of Colombian peso and "CLP" means millions of Chilean peso.

d. Statements of comprehensive income presentation

The Company opted for reporting comprehensive income in a single statement that includes all the items that comprise net income or loss and other comprehensive income (OCI), entitled "Statement of Comprehensive Income". Additionally, the "Operating profit" line item is included, which results from subtracting the cost of sales and expenses from total revenues, as this line item is considered to provide a better understanding of the Company's economic and financial performance.

Given that the Company is a service entity, ordinary costs and expenses are presented based on their nature, as the information so reported is clearer.

e. Presentation of statement of cash flows

The statements of cash flows of the Company are presented using the indirect method.

f. Basis of measurement

The financial statements have been prepared on the historical cost, except employee benefit obligation – non current, which is discounted to its present value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the accompanying financial statements, and have been applied consistently by the Company under IFRS.

a. Foreign currency

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.

b. Financial Instruments

i Non-derivate financial instruments

Non-derivative financial instruments include: cash, related parties, other current financial assets, trade payable, loans, interest payable and other accounts payable.

The Company initially recognizes other accounts receivables on the date on which they originate. All other financial assets are recognized initially on the trade date. The Company initially recognizes suppliers and other accounts payable on the date on which they originate. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes party to the contractual provisions of the instrument.

The Company discontinues a financial asset when the contractual rights to the cash flows coming from the assets expire, or the rights to receive the contractual cash flows from the financial asset are transferred in a transaction where substantially all risks and benefits of holding the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

ii Non-derivate financial assets

Cash include the cash balances and deposits on demand with original maturities of less than three months.

Related parties are financial assets with fixed or determined payments that are not listed in an active market. These assets are recognized initially at historic cost plus the costs directly attributable to the transaction. After initial recognition, the related parties and borrowing are measured at amortized cost using the effective interest method. Accounts receivable includes trades receivable and other accounts receivable.

iii Non-derivate financial liabilities

The Company removes a financial liability when they satisfied or canceled, or expire their contractual obligations.

The Company has the following non-derivative financial liabilities: other current financial liabilities and other current liabilities.

These financial liabilities are initially recognized at fair value plus the costs directly attributable to the transaction. After initial recognition, these financial liabilities are valued at amortized cost using the effective interest method.

c. Partners' capital

Partner contributions are classified in partners' equity.

d. Prepayments

Mainly include prepayments for the purchase of services that are received after the date of the statement of financial position and in the ordinary course of operations.

Notes forming part of the Financial Statements

e. Leasehold improvements, furniture and equipment

Improvements to leased buildings in process are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The furniture and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated on the amount susceptible to depreciation, corresponding to the cost of an asset, or another amount that replaces the cost.

Depreciation is recognized in the income and loss statement using the straight-line method according to the estimated useful life of each component of an item of furniture and equipment, since this better reflects the usage patter expected of the future economic benefits included in the asset. Leased assets are depreciated for the duration of the lease or the useful life of the assets, whichever is lower, unless there is reasonable certainty that the Company will acquire ownership of the leased assets at the end of the lease.

The estimated useful lives of the assets as follows:

	% average rate of depreciation
Improvements to leased buildings	5 – 10
Office furniture and equipment	20
Computers	25

Minor repairs and maintenance costs are expensed as incurred.

Subsequent cost

Expenditures for repairs and modifications or improvements that prolong the useful life of the assets beyond the originally estimated, which allows the entity to obtain future economic benefits that can be measured reliably, are capitalized as fixed assets.

f. Intangible assets

i Other intangible assets

Other intangible assets that are acquired by the Company and have defined useful lives are recorded at cost less accumulated amortization.

ii Amortization

The amortization is calculated on the cost of the asset or other amount that replaces cost, less the residual value.

The amortization is recognized in the income and loss statement under the straight-line method based on the estimated useful life of the intangible assets, other than goodwill, from the date they are available for use, this reflects the expected usage pattern of the future economic benefits included in the asset. The estimated useful lives for the current and comparative periods are as shown follow:

- Software for internal use 3 years

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

g. Impairment

i Financial assets

A financial asset not classified as at fair value through income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss events had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired includes default or delinquency by a debtor, restructuring of an amount owed to the Company in terms that the Company would not consider otherwise, indications that a debtor will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in fair value below the cost is objective evidence of impairment.

The Company considers evidence of impairment for accounts receivable and investments in held-to-maturity titles at both a specific asset and collective level. All individually significant accounts receivable and investments in held-to-maturity titles are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Accounts receivable and investments in held-to-maturity titles that are not individually significant are collectively assessed for impairment by grouping together accounts receivable and investments in held-to-maturity titles with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss with respect to a financial asset measured at amortized cost is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in income and reflected in an allowance for receivables. Interest on the impaired asset continues to be recognized through the discount effect for the passage of time. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is recognized in the income and loss statement.

ii Non-financial assets

The carrying amounts of the Company'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 recognized if the carrying amount of an asset or the cash-generating unit is greater than recovery value. Impairment losses are recognized in the income statement. Impairment losses recorded in relation to the cash-generating units are distributed to reduce the carrying value of other assets in the unit (group of units) on an apportionment basis.

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit is higher than its recovery value. Impairment losses are recognized in income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recovery value. An impairment loss is only reversed to the extent that the carrying amount of the asset is not greater than the carrying amount that would have been determined net of depreciation or amortization, had no impairment loss been previously recognized.

h. Provisions

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. 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 recognized as finance cost.

Notes forming part of the Financial Statements

i. Employee benefits

Retirement benefits costs from termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss in the line item. Gains and losses for reduction of service are accounted for as past service costs

The retirement benefit obligation recognized in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans.

Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized 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.

j. Income taxes (IT) and Employee Statutory Profit Sharing (ESPS)

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

i. Current tax

Current income tax ("ISR") and employee statutory profit sharing (ESPS) are recognized in the results of the year in which is incurred.

ii. Deferred IT

Deferred IT are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred IT liabilities are generally recognized for all taxable temporary differences. Deferred IT assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred IT assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred IT assets are 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 IT liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred IT liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax loss carry forward asset, tax credits and deductible temporary differences are recognized to the extent that it is likely that taxable income may be available in the future against which they can be applied. The deferred assets are reviewed as of the reporting date and are reduced to the extent that the realization of the corresponding tax benefit is no longer probable.

k. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Services

Revenues from consultancy services are recognized monthly as they accrue, it consisting basically of adding a percentage to the operating costs and expenses.

l. Financial income and costs

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Finance cost

Financial costs include interest expenses on loans. The loan costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in income using the effective interest method.

m. Business and credit concentration

As of December 31, 2017, the 100% of revenue provided for the consultancy services provided to related parties.

n. 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.

o. Newly issued IFRS not yet adopted

There are different IFRS issued as of the date of these financial statements that have yet to be adopted and they are described below. Except when mentioned otherwise, the Company considers adopting these IFRS on the dates they are effective.

IFRS 9, Financial instruments: classification and measurement (IFRS 9)

IFRS 9 sets forth the guidance relating to the classification and measurement of financial assets and liabilities, the accounting for expected credit losses of financial assets and commitments to extend credits, as well as the requirements for hedge accounting; and will replace IAS 39, Financial instruments: recognition and measurement (IAS 39) in its entirety. IFRS 9 is effective beginning January 1, 2018. Among other aspects, IFRS 9 changes the current classification categories for financial assets under IAS39 of: 1) held to maturity; 2) loans and receivables; 3) fair value through the income statement; and 4) available for sale; and replaces them with categories that reflect the measurement method considering the contractual cash flow characteristics and the entity´s business model for managing the financial assets: 1) amortized cost, that will significantly comprise IAS39 held to maturity and loans and receivables categories; 2) fair value through other comprehensive income, similar to IAS39 definition. The adoption of the new classification categories under IFRS 9 will not have any significant effect on the Company's operating results, financial situation.

In addition, under the new impairment model based on expected credit losses, impairment losses for the entire lifetime of financial assets, including trade accounts receivable, are recognized on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if the loss has not yet been incurred, considering

Notes forming part of the Financial Statements

for their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability. Changes in the allowance for doubtful accounts under the new expected credit loss model upon adoption of IFRS 9 on January 1, 2018 will be recognized through equity.

The Company is in process of evaluating the impact, if any, of this Standard on its financial statements, however the Company does not expect material impacts that should be recognized as of January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers

Under IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model: Step 1: Identify the contract(s) with a customer a customer (agreement that creates enforceable rights and obligations); Step 2: Identify the different perform obligations (promises) in the contract and account for those separately; Step 3: Determine the transaction price (amount of consideration an entity expects to be entitled in exchange for transferring promised goods or services); Step 4: Allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or services; and Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good o services to the customer. A performance obligation may be satisfied at a point in the time (typically for the sale of goods) or over time (typically for the sale of services - and construction contracts). IFRS 15 also includes disclosure requirements to provide comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. IFRS 15 is effective on January 1, 2018 and will supersede all existing guidance on revenue recognition.

The Company is in process of evaluating the impact, if any, of this Standard on its financial statements, however the Company does not expect material impacts that should be recognized as of January 1, 2018.

IFRIC 22- Foreign Currency Transactions and advance consideration

On December 8, 2016, the International Accounting Standards Board issued IFRIC 22 which clarifies the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt

IFRS 16- Leases

The regulation was issued in January 2016 and the changes will be effective as of January 1, 2019, with early application permitted provided that IFRS 15 Revenue from contracts with customers has been adopted. This new rule encourages the majority of leases to be presented in the statement of financial position for lessees under a single model, eliminating the distinction between operating and financial leases. For tenants, the lease will become the recognition of an asset (right of use), as well as a liability that will generate an interest expense, which also implies changes in the accounting recognition during the life of the lease. However, accounting for landlords remains with the distinction between.

During 2016, the Company began to evaluate the impacts of IFRS 16 and to analyze its main operating and financial lease agreements in force, in order to inventory the main characteristics thereof (types of assets, committed payments, maturity dates). , renewal clauses, etc.). During 2018, the Company will reevaluate its policy under IFRS 16, in order to establish the basis and be able to quantify the necessary adjustments for the appropriate recognition of the assets for the "right-of-use" and the corresponding financial liabilities. , with the plan to adopt IFRS 16 on January 1, 2019 in full retrospective. On a preliminary basis, based on its analysis as of the reporting date, the Company believes that with the adoption of IFRS 16, the majority of operating leases will be recognized in the statement of financial position increasing assets and liabilities, without an initial effect significant in net assets. The Company does not consider the anticipated application of IFRS 16.

The management of the Company does not expect significant impact as result of the application of these Standards.

IFRIC 23, Interpretation of uncertain tax positions

This interpretation seeks to clarify the application of the recognition and measurement criteria established in IAS 12, Income Taxes, when there are uncertain tax positions. Uncertain tax positions are those tax positions where there is uncertainty about whether the competent tax authority will accept the tax position under current tax laws.

In such cases, the entity recognizes and measures its assets or liabilities for current or deferred taxes applying the requirements of IAS 12 based on tax profits (losses), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this Interpretation.

The Company will apply IFRIC 23 for annual reporting periods beginning on or after January 1, 2019. Early application is permitted and the event must be disclosed. Upon initial application, it is applied retrospectively under the IAS 8 requirements by modifying comparative periods or retrospectively with the accumulated effect of initial application as an adjustment in the initial balance of retained earnings, without modifying comparative periods.

The Company is in the process of determining the potential impacts that will be derived in its consolidated financial statements by the adoption of these standards, however, due to the nature of its operations, management does not expect a significant impact

4. CASH

Cash consist of the following:

(Millions of Mexican pesos)

	As of December 31, 2017	As at December 31, 2016
Current account balances with banks	**253.88**	57.04

As of December 31, 2017 and 2016 there is no restricted cash.

The Company discloses in note 13 the sensitivity analysis for financial assets and liabilities.

5. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a. Operations with management and close family.

The Company does not have business operations with members of management and close relatives outside operations at arm´s length and available to the general public and for non-significant amounts.

b. Transactions with related parties

Transactions with related parties are as follows:

(Millions of Mexican pesos)

	As at December 31, 2017	As at December 31, 2016
Revenue from consultancy services		
TCS de México, S.A. de C.V.	**2,846.52**	2,380.89
Tata Consultancy Services Limited	**0.60**	-
Interest expenses		
TCS de Mexico, S.A. de C.V.	**1.49**	5.07
Expenses for:		
Purchases of goods, services and facilities		
Tata Consultancy Services Limited	**(90.99)**	(104.37)
TCS Argentina S.A.	**0.25**	-
TCS Canada Inc.	**(0.16)**	-
TCS de Espana, S.A.	**(0.70)**	-
TCS do Brazil Ltda.	**3.59**	-
TCS Uruguay S.A.	**(0.10)**	-
TCS Colombia	**(1.08)**	-
TCS Chile S.A.	**(0.07)**	-

Notes forming part of the Financial Statements

c. Balances with related parties

(Millions of Mexican pesos)

	As at December 31, 2017	As at December 31, 2016
Due from related parties:		
Tata Consultancy Services Limited.	**32.84**	29.01
TCS Colombia	**4.82**	5.37
TCS Argentina S.A.	**0.13**	0.42
TCS Uruguay S.A.	**0.12**	0.01
Tata Consultancy Services do Brasil Ltda.	**-**	0.48
TCS de España, S.A.	**0.07**	0.21
TCS Chile, S.A.	**0.03**	0.10
TCS Canada Inc.	**0.03**	-
Total	**38.04**	170.61
Due to related parties:		
Tata Consultancy Services de Mexico, S.A. de C.V.	**-**	116.55
Total	**-**	116.55

The balances receivable come from consultancy services rendered to the related parties and it will be liquidated within the commercial terms agreed by the company.

Included loan granted for $127.36, of which during 2016 the Company paid total loan. The interest generated was calculated using the interest rate of 1.5%. The loan was granted on October 30, 2013 and will be amortized over a period of 5 years. As of December 31, 2016, the total balance amounts ascending to $116.55. During 2016, this credit line was assigned by Tata Consultancy Services de México, S.A. de C.V.

6. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets consist of the following:

(Millions of Mexican pesos)

	As at December 31, 2017	As at December 31, 2016
a) Other current financial assets		
Employee advances	**6.83**	31.48
b) Other non-current financial assets		
Deposits for premises	**9.03**	6.34

7. OTHER CURRENT ASSETS

Other current assets are comprised as follows:

(Millions of Mexican pesos)

	As at December 31, 2017	As at December 31, 2016
Advance to suppliers	**59.71**	15.44
Prepaid expenses	**1.92**	6.48
Other current assets	**0.13**	0.13
Total	**61.76**	22.05

8. LEASEHOLD IMPROVEMENTS, FURNITURE AND EQUIPMENT

Leasehold improvements, furniture and equipment comprise the following:

(Millions of Mexican pesos)

	Improvements building	Computers	Furniture & Office Equipment	Total
Gross block as of January 1, 2017	**156.93**	**206.82**	**259.59**	**623.34**
Purchases	1.08	45.08	19.45	65.61
Disposals	-	-	-	-
Gross block as of December 31, 2017	**158.01**	**251.90**	**279.04**	**688.95**
Accumulated depreciation as of January 1, 2017	**61.93**	**139.93**	**135.53**	**337.39**
Disposals	-	-	-	-
Depreciation for the year	18.62	42.31	46.75	107.68
Accumulated depreciation as of December 31, 2017	**80.55**	**182.24**	**182.28**	**445.07**
Net carrying amount as of December 31, 2017	**77.46**	**69.66**	**96.76**	**243.88**
Capital work in progress	47.95	-	-	47.95
Total	**125.41**	**69.66**	**96.76**	**291.83**

(Millions of Mexican pesos)

	Improvements building	Computers	Furniture & Office Equipment	Total
Gross block as of January 1, 2016	156.61	171.39	248.97	576.97
Purchases	0.33	35.43	10.62	46.37
Disposals	-	-	-	-
Gross block as of December 31, 2016	156.94	206.82	259.59	623.35
Accumulated depreciation as of January 1, 2016	44.32	100.30	91.25	235.87
Disposals	-	-	-	-
Depreciation for the year	17.61	39.63	44.28	101.52
Accumulated depreciation as of December 31, 2016	61.93	139.93	135.53	337.39
Net carrying amount as of December 31, 2016	95.01	66.89	124.06	285.95
Capital work in progress	73.81	-	-	73.81
Total	168.82	66.89	124.06	359.77

Capital work in progress mainly include investments in a new development center in Queretaro. The Company requires additional investment to complete the projects in process for $3.8, approximately. The projects will be capitalized on December 31, 2018.

Notes forming part of the Financial Statements

9. TRADE AND OTHER PAYABLES

Trade and other payable consist of the following:

(Millions of Mexican pesos)

	As of December, 2018	As of December 31, 2017
Trade payable - gross	**17.84**	29.66
Accrued expenses	**56.39**	56.11
Other payables	**9.60**	0.27
Total	**83.83**	86.04

10. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

(Millions of Mexican pesos)

	As at December 31, 2017	As at December 31, 2016
Indirect tax payable and other statutory liabilities	**132.68**	87.52

11. EMPLOYEE BENEFITS

(Millions of Mexican pesos)

	As at December 31, 2017	As at December 31, 2016
Defined benefit obligation	**44.92**	32.28
Employee statutory profit sharing	**37.51**	12.06
Liabilities for social security contributions	**35.37**	19.39
Liability for long-service leave	**13.66**	15.93
Bonus accrual	**3.43**	4.78
Total employee benefit liabilities	**134.89**	84.44
Current	**89.97**	52.16
Non-current	**44.92**	32.28
	134.89	84.44

a. Defined contribution plans

The Company manages a plan that covers seniority premiums for all staff working in Mexico, which consists of a single payment of 12 days per year worked based on final salary, not to exceed twice the minimum wage established by law. The related liability and annual cost of benefits is calculated by an independent actuary using the method of projected unit credit.

The plans typically expose the Entity to actuarial risks as investment risk, Interest rate, longevity and salary.

Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out as of December 31, 2017 and 2016 by Independents actuaries, who are members of the Institute of Actuaries of Mexico. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2017	2016
Discount rates	**7.75%**	7.75%
Inflation Longterm rates	**4.64%**	4.64%
Salaries Increases rates	**3.60%**	3.60%

b. Amounts recognized in comprehensive income in respect of these defined benefit plans are as follows:

(Millions of Mexican pesos)

	As of December 31, 2017	As of December 31, 2016
Service cost	**7.90**	11.47
Financial cost	**2.44**	1.55
Net cost for the year	**10.34**	13.02

c. The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

(Millions of Mexican pesos)

	As of December 31, 2017	As of December 31, 2016
Net liability arising from defined benefit obligation	**44.92**	32.28

Notes forming part of the Financial Statements

Movements in the present value of the defined benefit obligation in the current year were as follows:

(Millions of Mexican pesos)

	As of December 31, 2017	As of December 31, 2016
Opening defined benefit obligation	**32.28**	23.57
Current service cost	**7.90**	11.47
Financial cost	**2.44**	1.55
Actuarial obligation (income) loss	**2.30**	(4.31)
Net liability arising from defined benefit obligation	**44.92**	32.28

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is .50 basis points higher (lower), the defined benefit obligation would decrease by $3.43 (increase by $3.07).

If the expected salary growth increases (decreases) by 0.50, the defined benefit obligation would increase by $3.52 (decrease by $3.17).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

12. INCOME TAXES

IT Law effective as of January 1, 2014 imposes an IT rate of 30% for 2014 and thereafter.

a. Tax on earnings

The income tax expense is as follows:

(Millions of Mexican pesos)

	As of December 31, 2017	As of December 31, 2016
Current income tax	**122.45**	66.25
Deferred income tax	**10.67**	15.72
Total	**133.12**	81.97

Notes forming part of the Financial Statements

Income tax expense attributable to income 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:

(Millions of Mexican pesos)

	As of December 31, 2017	As of December 31, 2016
Income before income taxes	**166.67**	108.68
Income tax	**133.12**	81.97
Statutory rate:	**50.00**	32.61
No deductibles	**76.57**	48.01
Inflation effects	**6.55**	1.35
Total items	**83.12**	49.36
Effective rate	**133.12**	81.97

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities, are presented below

(Millions of Mexican pesos)

	As of December 31, 2017	As of December 31, 2016
Deferred income asset:		
Reserves and provisions	**39.94**	54.38
Fixed assets	**39.49**	41.20
Deferred income liability:		
Advance payments	**(1.41)**	(2.60)
Accounts receivables	**(64.02)**	(68.30)
Total deferred tax asset	**14.00**	24.68

The movements of deferred tax (liabilities) assets in the year are as follows

(Millions of Mexican pesos)

	As of December 31, 2017	As of December 31, 2016
Beginning balance	**24.68**	40.39
ISR applied to income of the year	**(10.67)**	(14.42)
Deferred tax on other comprehensive income	**(0.01)**	(1.29)
	14.00	24.68

Notes forming part of the Financial Statements

13. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT

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 the contractual obligations, and arises mainly from the Company's trades receivables and investment securities and derivative financial instruments

Investments

The Company limits exposure to credit risk by investing only in liquid instruments and with counterparties of good credit quality. Therefore management does not expect any of the counterparties to default on obligations.

Credit Risk Exposure

The carrying amount of the financial assets mentioned above represents the maximum credit exposure. Maximum credit risk exposure is shown below:

(Millions of Mexican pesos)

	As of December 31, 2017	As of December 31, 2016
Financial Assets		
Cash	**253.88**	57.04
Related parties	**38.04**	170.61
Other current financial assets	**6.83**	31.48
Total	**298.75**	**259.13**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking the Company's reputation.

The following are the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of the compensation agreements. The cash flows included in the maturity analysis are not expected to be presented much before or for sensitively different amounts.

(Millions of Mexican pesos)

2017	**Book value**	**Contractual cash flows**	**0 - 12 months**
Non-derivate financial liabilities			
Trade and other payables	**83.83**	**83.83**	**83.83**
Borrowings.- related party	**-**	**-**	**-**
Other current financial liabilities	**3.49**	**3.49**	**3.49**

2016	Book value	Contractual cash flows	0 - 12 months
Non-derivate financial liabilities			
Trade and other payables	86.04	86.04	86.04
Borrowings.- related party	116.55	119.63	119.63
Other current financial liabilities	47.54	47.54	47.54

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 the financial instruments held. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign currency risk

The Company is exposed to currency risk by conducting consultancy services originating from other than the functional currency. The Company is exposed to currency risk through the currency: Peso.

	2017						
	USD	**EUR**	**CAD**	**BRL**	**ARS**	**COP**	**CLP**
Cash	**11.23**	**-**	**-**	**-**	**-**	**-**	**-**
Related parties	**1.73**	**0.00**	**0.00**	**0.00**	**0.01**	**525.51**	**-**
Trade and other payables	**(0.45)**	**-**	**-**	**-**	**-**		**-**
	12.51	**0.00**	**0.00**	**0.00**	**0.01**	**525.51**	**-**

	2016						
	USD	EUR	CAD	BRL	ARS	COP	CLP
Cash	0.97	-	-	-	-	-	2.79
Related parties	1.55	0.01	-	0.03	0.01	447.24	-
Trade and other payables	(1.09)	-	-	-	-		-
	1.43	0.01	-	0.03	0.01	447.24	2.79

The exchange rates used in the various translation processes to the reporting currency at December 31, 2017 and 2016 were as follows:

	2017	**2016**
USD	**19.74**	20.66
EUR	**23.61**	21.78
CAD	**15.69**	15.35
BRL	**5.95**	6.35
ARS	**1.03**	1.30
COP	**0.01**	0.01
CLP	**0.03**	0.03

Notes forming part of the Financial Statements

Sensitivity analysis of exchange.

	Equity	Income	Equity	Income
	2017	**2017**	2016	2016
USD (10% of strengthening)	**(1.25)**	**(12.25)**	(0.14)	(0.14)
USD (10% of weakening)	**1.25**	**12.25**	0.14	0.14
EUR (10% of strengthening)	**(0.00)**	**(0.00)**	(0.00)	(0.00)
EUR (10% of weakening)	**0.00**	**0.00**	0.00	0.00
CAD (10% of strengthening)	**(0.00)**	**(0.00)**	-	-
CAD (10% of weakening)	**0.00**	**0.00**	-	-
BRL (10% of strengthening)	**(0.00)**	**(0.00)**	(0.00)	(0.00)
BRL (10% of weakening)	**0.00**	**0.00**	0.00	0.00
COP (10% of strengthening)	**(52.55)**	**(52.55)**	(44.72)	(44.72)
COP (10% of weakening)	**52.55**	**52.55**	44.72	44.72
CLP (10% of strengthening)	**-**	**-**	(0.28)	(0.28)
CLP (10% of weakening)	**-**	**-**	0.28	0.28
ARS (10% of strengthening)	**-**	**-**	-	-
ARS (10% of weakening)	**-**	**-**	-	-

14. PARTNERS' CAPITAL

a. Structure of partners' capital

As of December 31, 2017, partners' capital fully issued and paid is represented by 50,000 partner contributions (corresponding to the minimum fixed portion) with a par value of $1 each one. The variable portion is unlimited.

b. Other Comprehensive income (OCI)

At December 31, 2017 and 2016 OCI are comprised as follows:

	2017	2016
Beginning balance	**3.02**	-
Remeasurements of defined benefit obligations	**(2.30)**	3.02
Ending balance	**0.72**	3.02

c. Restriction in Partners' capital

In accordance with the General Corporations Law, five percent of net income for the year must be appropriated to the statutory reserve, until it reaches one-fifth of share capital. As of December 31, 2017, has not been constituted.

Partners contributions restated as provided for by the tax law, may be refunded to stockholders tax-free, to the extent that such contributions equal or exceed partners' equity.

Retained earnings and other partners' equity accounts, on which no IT have been paid, are 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.

15. OTHER INCOME (EXPENSE)

	2017	2016
Recognized in income		
Foreign exchange gain	**43.55**	81.63
Interest income	**0.25**	0.11
Financial Income	**43.80**	81.74
Foreign exchange loss	**(30.22**	(65.37)
Other interest expenses	**(3.08)**	(5.07)
Financial costs	**(33.3)**	(70.44)
Total other income, net	**10.50**	11.30

16. CONTINGENCIES AND COMMITMENTS

a. The Company leases facilities for administrative offices, under defined term lease agreements. Total rental expense, reported under operation and other expense, aggregated $56.48 in 2017 and $50.75 in 2016. Total rents payable through $34.80 under these agreements are as follows:

2018	$	**56.37**
2019		**37.93**
2010		**31.05**
	$	**125.35**

b. The Company has entered into service agreements with related parties, under which the Company provides consultancy services and IT support services necessary for these companies operations. These agreements are for a period ending on December, 2018. Total revenues under these agreements, reported under consultancy services, were $2,847 in 2017 and $2,381 in 2016.

c. There is a contingent liability arising from the labor obligations mentioned in note 3(i).

d. The Company is involved in a number of lawsuits and claims arising in the normal course of business. It is expected that the final outcome of these matters will not have significant adverse effects on the Company's financial position and income (loss).

e. 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.

f. In accordance with the IT Law, companies carrying out transactions with related parties are subject to certain requirements as to the determination of prices, which should be similar to those that would be used in arm's-length transactions.

Should the tax authorities examine the transactions and reject the related-party prices, they could assess additional taxes plus the related inflation adjustment and interest, in addition to penalties of up to 100% of the omitted taxes.

g. The tax authorities are conducting a direct examination of certain Company operations. At May 11, 2018, this examination is still in progress. Management of the Company and their legal counsel do not anticipate that this examination will result in significant additional assessments.

TCS INVERSIONES CHILE LTDA.

FINANCIAL STATEMENTS

For the year ended

December 31, 2017

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS'
TCS INVERSIONES CHILE LTDA.

Report on the Audit of the Financial Statements

We have audited the accompanying separate financial statements of TCS Inversiones Chile Ltda. ("the Company"), which comprise the separate statement of financial position as of December 31, 2017, and the separate statement of comprehensive income, per nature of the expense, separate Statement of changes in equity, and separate statement of cash flows for the year then ended, and the related notes to the separate financial statements.

Management's Responsibility for the separate financial statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of separate 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 separate financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate 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 separate financial statements.

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

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of TCS Inversiones Chile Ltda. as of December 31, 2017, the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matters

The accompanying separate financial statements of TCS Inversiones Chile Ltda. as of December 2016 and for the year then ended were audited by other auditors whose report thereon dated April 21, 2017, expressed an unmodified opinion on these financial statements.

Restriction on Distribution and Use

This separate financial statements have been prepared for the limited purpose of consolidated financial statements, to comply with the Section 129 (3) of the Companies Act 2013, of Tata Consultancy Services Limited for the year ended 3st March, 2018 in accordance with International Accounting Standards. Our report is intended solely for the information and use of Board of Directors of the company and Tata Consultancy Services Limited for the preparation of consolidated financial statements as aforesaid and for the use at their annual general meetings for the information of their members. It is not intended to be and should not be used by anyone other than specified parties.

K B J & ASSOCIATES
(Chartered Accountants)
(Firm Registration No. 114934W)

Kaushik B. Joshi
Proprietor
(Membership No.48889)

Mumbai, 22 May, 2018

Statement of Financial Position as at December 31, 2017 and December 31, 2016

(In thousands of Chilean pesos)

	Note	As at December 31, 2017	As at December 31, 2016
ASSETS			
Current assets			
Cash and cash equivalents	6	**334,361**	113,788
Trade debtors and other current accounts receivable	7	**2,081,024**	-
Other financial current assets		**71**	71
Total Current Assets		**2,415,456**	113,788
Long Term Assets:			
Investments in companies	11	**32,126,572**	32,126,572
Assets through deferred taxes	10(c)	**116,856**	-
Total Long Term Assets		**32,243,428**	32,126,572
TOTAL ASSETS		**34,658,884**	32,240,360
LIABILITIES AND NET EQUITY			
Current liabilities:			
Trade accounts payable and other accounts payable	12	**478,573**	334,939
Current liabilities for employee benefits	13	**458,260**	-
Income tax provision		**43,479**	-
Total current liabilities		**980,312**	334,939
Long Term Liabilities:			
Other long term financial liabilities	8(c)	**1,137,554**	-
Total Long-Term Liabilities		**1,137,554**	-
Net Equity:			
Paid capital	16	**15,290,304**	15,290,304
Other reserves		**-**	-
Accumulated profits		**17,250,714**	16,615,117
Total equity		**32,541,018**	31,905,421
TOTAL LIABILITIES AND NET EQUITY		**34,658,884**	32,240,360

The attached notes form an integral part of these separate financial statements.

Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2017

(In thousands of Chilean pesos)

	Note	For the year ended December 31, 2017	For the year ended December 31, 2016
Income		**2,344,568**	-
TOTAL INCOME		**2,344,568**	-
Expenses			
Employee benefit expenses		**(1,990,009)**	-
Other operational expenses		**(190,659)**	(524)
TOTAL EXPENSES		**(2,180,668)**	(524)
Total Operational Income		**163,900**	(524)
Other income (expense)			
Financial expenses		**(18,277)**	-
Perceived dividends from subsidiaries	14	**16,137,161**	100,480
Exchange rate difference	15	**(282,513)**	(495)
TOTAL OTHER NET INCOME		**15,836,371**	99,985
PROFIT BEFORE TAX		**16,000,271**	99,461
Tax expense on profits	10b	**69,016**	(1,760)
PROFIT ON ACTIVITIES AFTER TAX		**16,069,287**	97,701
Other comprehensive income:			
Net Profit		**16,069,287**	97,701
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME		**16,069,287**	97,701

The attached notes form an integral part of these separate financial statements.

Statement of changes in Equity for the year ended December 31, 2017

(In thousands of Chilean pesos)

	Note	Paid Capital	Accumulated Profits	Net Equity
Opening balance as at 1 January 2017		**15,290,304**	**16,615,117**	**31,905,421**
Comprehensive Income:				
Net Profit			**16,069,287**	**16,069,287**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive income for the year	-	**-**	**16,069,287**	**16,069,287**
Distribution of Profits			**(15,433,690)**	**(15,433,690)**
Total Distribution of Profits		-	**(15,433,690)**	**(15,433,690)**
Changes in equity, total		**-**	**635,597**	**635,597**
Closing balance as at 31 December 2017		**15,290,304**	**17,250,714**	**32,541,018**
Opening balance as at 1 January 2016	18	15,290,304	16,517,416	31,807,720
Comprehensive Income:				
Net Profit		-	97,701	97,701
Other comprehensive income		-	-	-
Total Comprehensive Income		-	97,701	97,701
Changes in equity, total		-	97,701	97,701
Closing balance as at 31 December 2016		15,290,304	16,615,117	31,905,421

The attached notes form an integral part of these separate financial statements.

Statement of Cash Flows for the year ended December 31, 2017

(In thousands of Chilean pesos)

	For Year ended December 31, 2017	For Year ended December 31, 2017
CASH FLOW FROM OPERATIONAL ACTIVITIES		
Net Profit	**16,069,287**	97,701
Adjustments to reconcile net profit		
Effect of exchange rate difference	**-**	495
Deferred tax and income tax	**(69,016)**	-
Total cash flows before exchanges in working capital	**(69,016)**	495
INCREASE / (DECREASE) IN WORKING CAPITAL		
Trade debtors and other accounts payable	**(2,081,024)**	-
Other financial assets (current and long term)	**(71)**	-
Trade accounts payable and other accounts payable	**143,634**	(56,804)
Current financial liabilities	**-**	-
Income tax provision	**(4,361)**	-
Current provisions for employee benefits	**458,260**	-
Other current and long-term liabilities	**-**	-
Total increase in working capital, net	**(1,483,562)**	(56,804)
Net cash flows obtained from operational activities	**14,516,709**	41,392
NET CASH FLOWS FROM FINANCING ACTIVITIES		
Loans received from related businesses	**1,137,554**	-
Dividends paid	**(15,433,690)**	-
Net cash flows used in financing activities	**(14,296,136)**	-
Net increase / (decrease) in cash and cash equivalents	**220,573**	41,392
Effect of exchange rate variations on cash and cash equivalents	**-**	-
Cash and cash equivalents, cash flow status, opening balance	**113,788**	72,396
Cash and cash equivalents, cash flow status, closing balance	**334,361**	113,788

The attached notes form an integral part of these separate financial statements.

Notes forming part of the Financial Statements

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Notes forming part of the Financial Statements

1 General Information

TCS Inversiones Chile Limitada was constituted by TCS IberoAmérica S.A. and Gabriel Rozman on 16 December 2002, with the objective of the investment, on its own behalf or on behalf of third parties, in all types of property, material or immaterial, the sale, export, import, manufacture, production, consignment, lease, marketing, representation and distribution, of all kinds of tangible or intangible assets, the provision of all kinds of advice, consultancies and services related to computational, computing and communications matters in general and the representation, concession and exploitation of franchises of all types of companies, brands and / or products related to the above.

By way of public deed dated 26 October 2005, the articles of incorporation were modified thereby increasing the capital of the Company, a sum contributed by the partner TCS IberoAmérica S.A.

On 28 December 2006, Tatasolution Center S.A. (a subsidiary of Tata Consultancy Services Chile S.A.), was incorporated in Ecuador and began operations on 1 June 2007.Its main activity is the provision of information technology services, software development and maintenance services, and administrative-operational process (BPO) services, mainly to financial sector institutions.

On 29 December 2006, Tata Consultancy Services BPO Chile S.A. (formerly Tata Consultancy Services (TCS) Chile Limitada) acquired 100% of the shares in its subsidiary Tata Consultancy Services BPO Chile S.A. (formerly Comicrom S.A.). Consequently, by solely under the operation of the Law, the dissolution of said subsidiary took place.

By way of an Extraordinary General Meeting held on 30 July, 2010, due to the incorporation of Tata Consultancy Services Chile S.A. with Tata Consultancy Services BPO Chile S.A. the merger took place in the aforementioned Meeting, and the name of Tata Consultancy Services BPO Chile S.A. was changed. to Tata Consultancy Services Chile S.A.

On 26 April 2017 by public deed Mr. Gabriel Rozman sold, ceded and transfered all of the social rights that he had in the company to TCS Uruguay S.A., which represented 0.000004% of the capital of the company.

Tata Consultancy Services (TCS) is one of the largest private business conglomerates in India. Since its creation in 1968, TCS has proven to be an entity with a strong avant-garde and innovative spirit, being an entity widely recognized worldwide as the main driver of the development and growth of the software industry in India.

TCS has more than 350,000 employees and 162 offices throughout 50 countries. It maintains partnerships with the main world leaders in the IT industry and with cutting-edge groups in the research and development of technologies, as well as with the most important manufacturers and world-class infrastructure providers. TCS offers a wide range of products and services in the fields of e-Business, Development, Maintenance and Application Support, Consulting on Architecture and Technology, Engineering Services, Electronic Security, Large Projects, Quality Consulting, Infrastructure Development and Business Process Outsourcing for sectors such as Banking and Financial Services, Insurance, Telecommunications, Manufacturing, Mining, Transportation, Health and Government, amongst others.

TCS is a pioneer in the adoption of global and highly flexible business practices that enable its clients to operate more efficiently and generate greater value. This has been possible, thanks to the development and improvement of the best service practices in the Industry.

TCS services are characterized by highly innovative and high-performance deployment, which has revolutionized the standards of the IT services industry. This service approach, called the Global Network Delivery Model (GNDMTM: Global Network Delivery Model), has allowed TCS to develop high value services, with high quality delivery levels and products in both IT and BPO areas. As an integral part of its Global Network Delivery Model, TCS has Centers of Excellence dedicated to the various technologies for the Hardware and Software Industry, such as Oracle, SAP, Microsoft, HP, Cisco and IBM, amongst others, achieving the most demanding certifications and developing the closest relationship with the most relevant manufacturers in the IT industry.

TCS has more than 350,000 employees and 162 offices throughout 50 countries in Latin America being present in the following Latin American countries: Chile, Uruguay, Brazil, Peru, Ecuador, Colombia, Argentina and Mexico.

In Chile it established its operations in 2003, currently has 9 employees who perform the functions of support and advice in the finance, legal, marketing and commercial areas for the subsidiaries of the Latin America region

Notes forming part of the Financial Statements

2 Bases for presentation of separate financial statements

(a) Declaration of compliance

These separate financial statements for TCS Inversiones Chile Limitada (hereinafter the "Company"), corresponding to the year ending 31 December 2017, are presented in Chilean Pesos and have been prepared in accordance with IAS 27, Separate Financial Statements including. International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board (hereinafter "IASB), applying the exception in paragraph 4 of IFRS 10, Consolidated Financial Statements. In addition, the provisions contained in IFRS 12 do not apply to these financial statements.

The information contained in these separate financial statements is the responsibility of the Company's Management, which expressly states that the principles and criteria included in IAS 27 and IFRS have been applied in their entirety and have been approved by its Board on 29 March 2018.

(b) Comparision of information

The separate statements of the financial position as at 31 December 2017 and the separate statements on comprehensive income, changes in equity and cash flows for the year ended on that date have been prepared in accordance with the International Financial Information Standards., on a consistent basis with the criteria used as at 31 December 2016.

(c) Base for historical cost

The separate financial statements have been prepared on the historical cost basis. In general, the historical cost is based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether this price is observable or estimated using another measurement technique. The fair value for measurement and / or disclosure purposes in these separate financial statements is determined in such manner, except for other transactions measured at market value, but that is not their fair value, such as the net realizable value of IAS2 or the value in use of IAS36.

In addition, for the purposes of financial reporting, fair value measurements are classified into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observed and the importance of the data for measuring them, in their entirety, which are described as follows:

- *Level 1 entries:* quoted prices (unadjusted) in active markets for assets or liabilities that the entity can access at the measurement date.
- *Level 2 entries:* entries that are not quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly
- *Level 3 entries:* unobservable data for the asset or liability

(d) Separate financial statements

(i) Separate statement on financial position

In the separate statement on financial position of TCS Inversiones Chile Ltda., the balances are classified according to their maturities, that is to say, those with expiration equal to or less than twelve months, as current and those maturing in excess of said period, as long term. In the event that there are liabilities where maturity is less than twelve months, but where long term refinancing is insured at the discretion of the Company, through unconditionally available credit agreements with a long-term maturity, they could be classified as long term liabilities.

(ii) Separate statement on comprehensive income

TCS Inversiones Chile Ltda. has chosen to present its classified income statements by nature

(iii) Separate statement on cash flows

TCS Inversiones Chile Ltda. has chosen to present its cash flow statements in accordance with the indirect method

3 Summary of accounting criteria principles applied

The main accounting policies adopted in the preparation of these separate financial statements are described below. As required by IFRS 1, these policies have been defined in accordance with the IFRS in force as at 31 December 2017.

(a) Períod covered

These separate financial statements for TCS Inversiones Chile Ltda. comprise the years ending 31 December 2017 and 2016.

(b) Currency

Transactions in foreign currency are converted to the respective functional currency of the Group's entities on the dates of the transactions

Monetary assets and liabilities denominated in foreign currencies at the date of presentation are converted to the functional currency at the exchange rate on the date presented. Non-monetary assets and liabilities that are valued at fair value in a foreign currency are converted to the functional currency at the exchange rate on the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost will be converted using the exchange rate on the date of the transaction.

(c) Bases for conversion

The balances of assets and liabilities in Unidades de Fomento (UF), in US dollars, and in other foreign currencies, are translated into Chilean Pesos at the prevailing exchange rates on the closing date of the separate financial statements, in accordance with the following detail:

	2017	2016
United States of America Dollars (USD)	**614.63**	666.22
Unidad de Fomento (UF)	**26,788.20**	23,348.03

Exchange rate differences and readjustments are charged or credited to income, as applicable, in accordance with IFRS.

(d) Classification of current and long-term balances

In the accompanying statement of financial position, the balances are classified according to their maturities, that is, those maturing in twelve months or less, as current and those maturing beyond said period, as long term.

(e) Investment in subsidiaries maintained at cost

For the preparation of the separate financial statements, the exemption described in IFRS 10.4 has been used, which allows the investments in subsidiaries in which control is maintained by complying with certain conditions not to be consolidated. The Company complies with each and every one of these conditions as at 31 December 2017 and 2016. The financial information for the Company is included in the consolidated financial statements of its final parent company, prepared and presented in accordance with the IASB IFRS, Tata Consultancy Services Limited (India), which can be found at the following web page: https://www.tcs.com/investor-relations

The investment in non-consolidated subsidiaries relates to:

			% Shares	
Subsidiary	**Country**	**Direct**	**Indirect**	**Address**
TATA Consultancy Services Chile S.A.	Chile	99.9999	-	Curico 18, Santiago
TataSolution Center S.A.	Ecuador	1	99.0000	Francisco Salazar N10-6, Quito
Tata Consultancy Services Sucursal del Perú	Peru	-	100.0000	Av. Siete N° 229, Pabellón B, Nivel 2, La Molina, Lima
Technology Outsourcing S.A.C	Peru	0.0000001	99.9999999	Av. Nicolás Ayllon 2942, piso 3. El Agustino, Lima

Notes forming part of the Financial Statements

The Company determines whether it is necessary to recognize a loss for additional impairment of the investment in its subsidiaries. The Company determines at each balance sheet date if there is objective evidence that the investment in the subsidiary is impaired; if this is the case, the Company calculates the amount of impairment, such as the difference between the fair value of the subsidiary and the acquisition cost, and recognizes the amount in the income statement.

(f) Trade creditors and other accounts payable

Trade creditors and other accounts payable are recognized at their nominal value, since their average payment term is reduced and there is no significant difference with their fair value

(g) Income tax and deferred taxes

The Company determines the tax base and calculates its income tax in accordance with current legal provisions.

Deferred taxes arising from temporary differences and other events that create differences between the accounting and tax base of assets and liabilities are recorded in accordance with the standards established in IAS 12 "Income tax".

Temporary differences between the book value of assets and liabilities and their tax base generate deferred tax assets or liabilities that are calculated using the tax rates that are expected to be in force when the assets and liabilities are realized.

The Company determines the tax base and calculates its income tax in accordance with the legal provisions in force.

Deferred taxes arising from temporary differences and other events that create differences between the accounting and tax base of assets and liabilities are recorded in accordance with the standards established in IAS 12 "Income tax".

Temporary differences between the book value of assets and liabilities and their tax base generate deferred tax assets or liabilities that are calculated using the tax rates that are expected to be in force when the assets and liabilities are realized.

The variations produced during the year in deferred tax assets or liabilities are recorded in income or directly in the equity accounts of the statement of financial position, as appropriate.

Deferred tax assets are recognized only when sufficient future taxable income is expected to recover the deductions for temporary differences.

(h) Provisions and contingent liabilities

Provisions are liabilities in which there is uncertainty about their amount or maturity. These provisions are recognized in the balance sheet when the following requirements are met in a copulative manner:

- It is a current liability as a result of past events.
- At the date of the separate financial statements, it is probable that the Company will have to dispose of resources in order to cancel the liability.
- The amount of these resources can be reliably measured
- A contingent asset or liability is any obligation arising from past events whose existence will be confirmed only if one or more uncertain future events occur and that are not under the control of the Company.

Provisions are valued at the present value of the disbursements that are expected to be necessary to settle the obligation using the best estimate by the Company. The discount rate used to determine the current value reflects current market assessments, as at the balance sheet date, of the time value of money, as well as the specific risk related to the particular liability.

(i) Goodwill

Goodwill represents the positive difference between the cost of acquisition and the fair value of the identifiable assets acquired, liabilities and contingent liabilities of the acquired entity. Goodwill is initially measured at cost and subsequently measured at cost less any impairment loss, if any. Goodwill is reviewed annually to determine whether or not impairment indicators exist or more frequently if events or changes in circumstances indicate that the book value may be impaired

(j) Compensation of balances and transactions

As a general rule, the separate financial statements do not compensate the assets and liabilities, or the income and expenses, except in those cases where compensation is required or permitted by a standard and this presentation is a reflection of the merits of the transaction.

Income or expenses originating in transactions that, contractually or by imperative of a legal rule, contemplate the possibility of compensation, are those where the intention is to settle for their net amount or to realize the asset and proceed to the payment of the liability simultaneously.

(k) Cash flow statement

For the purposes of preparing the statement of cash flows, the Company has defined the following considerations:

Cash and cash equivalents include cash on hand and current bank accounts, term deposits and fixed income mutual funds, held in highly liquid credit institutions with an original maturity of up to three months and which have an insignificant risk of loss of value.

The cash flow statement considers the following account categories:

- *Operating activities:* these are the activities that constitute the main source of ordinary income for the Company, as well as other activities that cannot be classified as investment or financing.
- *Investment activities:* corresponds to the activities of acquisition, alienation or disposal by other means of long term assets and other investments not included in cash and cash equivalents.
- *Financing activities:* activities that produce changes in the size and composition of net assets and liabilities of a financial nature.

(l) Corrections to the financial statements for 2016

During the financial year 2017, the company decided to present the expenses recognized in the income statement using the classification based on their nature instead of their function. The changes have been made because the classification of expenses by nature is considered to provide more reliable and relevant information for users than classification by function. The information according to the nature of the expenses is more useful for predicting future cash flows. The classification by nature is simple and does not require assignments and implies less intervention by the Administration. The company intends to follow this approach consistently

(m) New accounting pronouncements.

(i) The following new standards and interpretations have been adopted in these separate financial statements

Amendments to IFRS	Date of mandatory application
Accounting for acquisitions through participation in joint ventures (amendments to IFRS 11)	Annual periods beginning on or after 1 January 2016
Clarification of acceptable methods for Depreciation and Amortization (amendments to IAS 16 and IAS 38)	Annual periods beginning on or after 1 January 2016
Agriculture: Productive plants (amendments to IAS 16 and IAS 41)	Annual periods beginning on or after 1 January 2016
Method of participation in the separate financial statements (amendments to IAS 27)	Annual periods beginning on or after 1 January 2016
Disclosure Initiative (amendments to IAS 1)	Annual periods beginning on or after 1 January 2016
Investment Entities: Application of the Consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	Annual periods beginning on or after 1 January 2016
Annual Improvements Cycle 2012 - 2014 improvements to four IFRS	Annual periods beginning on or after 1 January 2016

Notes forming part of the Financial Statements

New IFRS	Date of mandatory application
IFRS 9, Financial Instruments	Annual periods beginning on or after 1 January 2018
IFRS 15, Revenue from contracts with customers	Annual periods beginning on or after 1 January 2018
IFRS 16, Leases	Annual periods beginning on or after 1 January 2018
Sale or Contribution of assets between an Investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28	Effective date postponed indefinitely
Recognition of deferred tax assets for unrealized losses (amendments to IAS 12)	Annual periods beginning on or after 1 January 2017
Disclosure Initiative (amendments to IAS 7)	Annual periods beginning on or after 1 January 2017
Clarification to IFRS 15 "Revenue from contracts with customers"	Annual periods beginning on or after 1 January 2018
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	Annual periods beginning on or after 1 January 2018
IFRS 9 Application "Financial Instruments" with IFRS 4 "Insurance Contracts" (amendments to IFRS 4)	Effective overlap approach when IFRS 9 is applied for the first time. Effective deferral approach for annual periods beginning on or after 1 January 2018 and only available for three years after that date.
Transfers of investment properties (amendments to IAS 40)	Annual periods beginning on or after 1 January 2018
Annual improvements 2014-2016 cycle (amendments to IFRS 1, IFRS 12 and IAS 28)	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018. The amendment to IFRS 12 for annual periods beginning on or after 1 January 2017
New Interpretations	**Date of mandatory application**
IFRIC 22 Transactions in foreign currency and early consideration	Annual periods beginning on or after 1 January 2018

The Management for the Company is evaluating the potential impact of the adoption of the new standards as indicated below:

IFRS 9 – Financial Instruments

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions in relation to financial liabilities.

On November 19, 2013, the IASB issued a new document that expands and modifies this Standard and other related ones, Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39. This document includes the new general hedge accounting model, allowing the early adoption of the requirement to submit changes in value for own credit risk in liabilities designated at fair value with an effect on profit and loss, which are presented in Other Comprehensive Results.

On July 24, 2014, the IASB issued the fourth and final version of its new standard on financial instruments, IFRS 9 Financial Instruments. The new standard provides guidance on the classification and measurement of financial assets, including impairment, and supplements the new hedge accounting principles published in 2013.

The date of application is for financial statements issued for periods beginning on or after January 1, 2018. Early adoption is allowed.

Management performed an analysis of the financial assets and liabilities recorded with the classification and measurement requirements of financial instruments required by IFRS 9 and concluded that the application of this standard will not have a material impact on the amounts reported in relation to financial assets and liabilities that the Company owns.

IFRS 15 - Revenue from ordinary activities under contracts with customers

Issued on May 28, 2014, this standard establishes a single integral model for entities to use to account for income that originates from contracts with customers. When the application of IFRS 15 becomes effective, it will replace the current revenue recognition guidelines in IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations.

This new Standard applies to contracts with customers, but does not apply to insurance contracts, financial instruments or lease agreements, which are within the scope of other IFRS.

It introduces a single ordinary revenue recognition model that applies to contracts with customers and two approaches to revenue recognition: at a point in time or over a period.

The model includes some analyses of transactions based on five steps to determine whether a revenue is recognized, when it is recognized and the amount:

1. Identify the contract with the client.
2. Identify the performance obligations of the contract.
3. Determine the price of the transaction.
4. Distribute the price of the transaction among the performance obligations.
5. Recognize revenue when (or to the extent that) the entity satisfies the performance obligation.

This standard allows its initial application either totally retrospectively or modified retrospectively.

The company participates in IT services and BPO businesses. The main business comes from contracts with a cost price for the fixed service plus a margin and it is recognized when the service is provided.

If the services under a single agreement are provided during different reporting periods, the consideration is distributed on the basis of the relative fair value among the different services. Currently, revenue is recognized using the degree of advancement method.

Under IFRS 15, the total consideration of these service contracts will be distributed to all services based on their independent selling prices. The independent selling prices will be determined based on the list prices according to which the Company sells the services in separate transactions.

According to the evaluation, the fair value and the independent selling prices of the services are quite similar. Accordingly, the Company does not expect the application of IFRS 15 to result in a significant difference in the timing of revenue recognition for these services.

IFRS 16 – LEASES

Issued on January 13, 2016, this Standard requires companies to account for all leases in their financial statements as of January 1, 2019. Companies with operating leases will have more assets but also higher debt. The larger the leasing portfolio of the company, the greater the impact on reporting metrics.

The Standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

Management estimates that this Standard will be adopted in its financial statements for the period beginning on January 1, 2019 and that it will not have significant impacts due to the implementation of this rule.

4 Financial risk management and definition of coverage

(a) Financial risk management

In the normal course of its business and financing activities, the Company is exposed to different risks of a financial nature that may affect more or less significantly the economic value of its cash flows and assets and, consequently, its results.

The Company has organization and information systems, managed by the Corporate Finance Manager, which allow these risks to be identified, to determine their magnitude, propose mitigation measures to the Board, execute said measures and control their effectiveness.

The following is a definition of the risks faced by the Company, their characterization and quantification and a description of the mitigation measures currently in use by the Company, if applicable.

Notes forming part of the Financial Statements

(b) Interest rate risk

The Company is not exposed to interest rate risks because it does not hold financial loans. The financial expense for the period involves the maintenance of performance bonds for projects with clients. The management of any indebtedness of the Company is defined and approved by the Corporate Finance Manager, after an assessment of the liquidity situation of the other companies that make up TCS Latin America leveraged in the different projects in the region.

(c) Credit risk

Credit risk refers to the risk that one of the parties will fail to comply with its contractual obligations resulting in a financial loss for the Company.

The credit assessment is carried out in each country on the financial condition of the companies, based on information available in relation to the client and future prospects, and financial strength and liquidity, from publicly available documents or any other source.

Continuous credit evaluation is carried out on the financial condition of commercial debtors and other accounts receivable; for other current and non-current financial assets no credit risk conditions are identified because they mainly involve transactions with related companies. The maximum credit risk exposure is as follows

(In thousands of Chilean pesos)

	Aggregate	
	2017	2016
Cash and cash equivalents	**334,361**	113,788
Commercial debtors and other accounts receivable	**2,081,024**	-
Other financial assets	**71**	-
Total net exposure	**2,415,456**	113,788

(d) Liquidity risk

The Board of Directors has established an appropriate approval framework and policy for liquidity management such that Management can manage the short, medium and long-term financing requirements, as well as the Group's liquidity management.

The Company manages liquidity risk by maintaining adequate reserves, financial and loan facilities, and continuously monitors projected and actual cash flows and reconciles the maturity profiles of financial assets and liabilities. The growth of the entity has been largely financed by cash generated by the operation of the business.

(In thousands of Chilean pesos)

2017	**Carrying amount**	**Due in 1st year**	**Due in 2nd year**
Other financial liabilities	**478,573**	**478,573**	**-**
Other long!term financial liabilities	**1,137,554**	**-**	**1,137,554**
Totals	**1,616,127**	**478,573**	**1,137,554**
2016			
Other financial liabilities	-	-	-
Commercial creditors and other accounts payable	334,939	334,939	-
Totals	334,939	334,939	-

(e) Capital risk

The Company manages its capital to ensure that the Companies in the Group will be able to continue as going concerns while maximizing returns to its shareholders through the optimization of debt and equity balances.

The Corporate Finance Manager of the Company reviews the capital structure of the Company on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

(f) Currency risk

The company is exposed to risk derived from currency exchanges, mainly dollars, for operations and loans received from another company of the group. The maximum exposure to risk is M$USD 1.- net of accounts receivable and loans payable related companies. If the variation in the dollar were +- 8% the effect on results would be M$ 49,170.

5 Disclosures of the judgments Management has made in applying the accounting policies of the entity

The application of the International Financial Reporting Standards requires the use of estimates and assumptions that will affect the amounts of assets and liabilities to be reported as of the date of the separate financial statements and the amounts of income and expenses during the reporting period.

In the preparation of the separate financial statements, certain estimates made by the Management of TCS INVERSIONES CHILE LTDA have been used to quantify some of the assets, liabilities, income, expenses and commitments recorded therein, the most significant being:

Impairment of assets

The Company reviews the book value of its accounts receivable and investments in subsidiaries to determine whether there is any indication that the book value may not be recoverable in accordance with NIC36. If such an indication exists, the recoverable value of the asset is estimated in order to determine the extent of the impairment. In evaluating the impairment, assets that do not generate independent cash flows are grouped in the Cash Generating Unit (CGU) to which the asset belongs. The recoverable amount of these assets or CGU is measured as the higher amount of their fair value and their value in use.

Management necessarily uses its judgment in grouping assets that do not generate independent cash flows and also in the estimation, periodicity and values of the underlying cash flows in the values of the calculation. Subsequent changes in the grouping of the CGU or the periodicity of the cash flows could impact the book values of the respective assets.

In the case of financial assets that have a commercial origin, the Company has defined a policy for recording provisions for impairment based on the uncollectibility of the balance, which is determined according to a risk analysis of each client based on its age and the status of the collection of accounts receivable.

Although these estimates were made based on the best information available on the date of issuance of these separate financial statements, it is possible that events that take place in the future could require that they be modified (upwards or downwards) in subsequent periods, which would be done prospectively, recognizing the effects of the change in the estimates of the corresponding future separate financial statements.

Notes forming part of the Financial Statements

6 Cash and cash equivalents

The detail of cash and cash equivalents as of December 31, 2017 and 2016, is as follows:

(In thousands of Chilean pesos)

	Type of currency	2017	2016
Balance in banks		**334,361**	113,788
Totals		**334,361**	113,788
Banks with balances as of December 31, 2017 are:			
Bank			
Banco Santander	Chilean Peso	**33,596**	7,440
Banco Santander	Dollars	**300,765**	106,348
Total		**334,361**	113,788

Cash and cash equivalents do not have availability restrictions.

The Company has not carried out investment or financing transactions that do not require the use of cash or cash equivalents.

7 Commercial debtors and other current accounts receivable

(a) The detail of commercial debtors is indicated in the following table

(In thousands of Chilean pesos)

	2017	2016
Commercial debtors	**24,199**	-
Accounts receivable related companies	**2,056,825**	-
Total	**2,081,024**	-

The reasonable values of commercial debtors are the same net commercial values of the estimated provision for bad debts.

(b) The analysis of debtors for past due and unpaid sales that are not impaired is as follows

(In thousands of Chilean pesos)

	2017	2016
Up to 30 days	**628,994**	-
31 to60 days	**207,433**	-
61 to 180 days	**1,244,597**	-
Total	**2,081,024**	-

8 Balances and transactions with related entities

(a) Accounts receivable

(In thousands of Chilean pesos)

			Current	
Rut	**Company**	**Relationship**	**2017**	2016
76.385.060-9	Tata Consultancy Services Chile S.A.	Subsidiary	**194,145**	-
Foreign	TCS Solution Center S.A.	Common shareholders	**91,576**	-
Foreign	MGDC SC	Common shareholders	**10**	-
Foreign	Tata Consultancy Services de Mexico SA de CV	Common shareholders	**1,203,094**	-
Foreign	TCS Colombia S.A.	Common shareholders	**85,200**	-
Foreign	Tata Consultancy Services Sucursal del Perú	Branch	**73,039**	-
Foreign	TCS Uruguay S.A.	Common shareholders	**28,120**	-
Foreign	Technology Outsourcing S.A.C	Subsidiary	**50,747**	-
Foreign	TATASolution Center S.A.	Subsidiary	**330,894**	-
Totals			**2,056,825**	-

(b) Accounts payable

(In thousands of Chilean pesos)

			Current	
Rut	**Company**	**Relationship**	**2017**	2016
76.385.060-9	**Tata Consultancy Services Chile S.A.**	**Branch**	**402,108**	328,835
Foreign	**TCS Solution Center S.A.**	**Common shareholders**	**-**	6,040
Totals			**402,108**	334,875

Balances receivable and payable in the short term are expressed in Chilean pesos and do not accrue interest or adjustments.

(c) Other long term financial liabilities

(In thousands of Chilean pesos)

			Non-current	
Rut	**Company**	**Relationship**	**2017**	2016
76.385.060-9	Tata Consultancy Services Chile S.A.	Branch	**1,137,554**	-
Totals			**1,137,554**	-

The transactions between the Company and its related companies involve habitual transactions in terms of their purpose and conditions.

The balances receivable and payable are mainly expressed in US dollars and, in the case of loans, they accrue interest at around 6% per annum on the average and do not have a payment amortization table. The classification is based on the expected period of recoverability of accounts receivable.

Intercompany accounts receivable for 2017 involve mainly commercial debtors for M$ 2,056,825.

Intercompany accounts payable involve mainly other non-current financial liabilities for M$ 1,137,554

Notes forming part of the Financial Statements

(d) Most significant transactions and their effects on results

(In thousands of Chilean pesos)

Rut	Company	Nature of he relationship	Description of the transaction	2017 Amount	2017 Effect on result payment	2016 Amount	2016 Effect on result payment
Foreign	Tata Solution Center S.A. (Ecuador)	Common shareholders	Dividends Received	**32,496**	**32,496**	100,480	100,480
Foreign	Tata Solution Center S.A. (Ecuador)	Common shareholders	Overhead Services	**357,737**	**357,737**	-	-
76.385.060-9	Tata Consultancy Services Chile S.A.	Subsidiary	Overhead Services	**195,681**	**195,681**	-	-
76.385.060-9	Tata Consultancy Services Chile S.A.	Subsidiary	Loans Received	**1,144,744**	**-**	-	-
76.385.060-9	Tata Consultancy Services Chile S.A.	Subsidiary	Accrued interest	**17,094**	**(17,094)**	-	-
76.385.060-9	Tata Consultancy Services Chile S.A.	Subsidiary	Expense Refund	**51,029**	**(51,029)**	-	-
76.385.060-9	Tata Consultancy Services Chile S.A.	Subsidiary	Dividends Received	**16,104,665**	**16,104,665**	-	-
Foreign	TCS Iberoamerica S.A.	Head office	Profit Distribution	**15,433,690**	**-**	-	-
Foreign	Tata Consultancy Services Sucursal del Perú	Branch	Overhead Services	**73,666**	**73,666**	-	-
Foreign	Tata Consultancy Services Mexico S.A.	Common shareholders	Overhead Services	**1,212,202**	**1,212,202**	-	-
Foreign	Tata Consultancy Services Colombia S.A.	Common shareholders	Overhead Services	**268,725**	**268,725**	-	-
Foreign	TCS Solution Center S.A.	Common shareholders	Overhead Services	**92,254**	**92,254**	-	-
Foreign	MGDC SC	Common shareholders	Overhead Services	**10**	**10**	-	-
Foreign	TCS Uruguay S.A.	Common shareholders	Overhead Services	**93,084**	**93,084**	-	-
Foreign	TCS Uruguay S.A.	Common shareholders	Expense Refund	**-**	**-**	-	-
Foreign	Technology Outsourcing S.A.	Common shareholders	Overhead Services	**51,209**	**51,209**	-	-

9 Financial Instruments

(a) Categories of financial instruments

The detail of financial instruments classified by nature and category, as of December 31, 2017 and 2016:

(In thousands of Chilean pesos)

2017				
Financial assets	**Financial assets at fair value with changes in profit or loss**	**Loans and accounts receivable**	**Derivatives designated as hedging instruments at fair value**	**Total**
Commercial debtors and other accounts receivable	**-**	**2,081,024**	**-**	**2,081,024**
Other financial assets	**-**	**71**	**-**	**71**
2017				
Financial liabilities	**Financial liabilities at fair value with changes in profit or loss**	**Financial liabilities measured at amortized cost**	**Derivatives designated as hedging instruments at fair value**	**Total**
Commercial accounts payable	**-**	**478,573**	**-**	**478,573**
Other non-current financial liabilities	**-**	**1,137,554**	**-**	**1,137,554**
2016				
Financial assets	Financial assets at fair value with changes in profit or loss	Loans and accounts receivable	Derivatives designated as hedging instruments at fair value	Total
Debtors due to sales	-	-	-	-
Other financial assets	-	-	-	-
2016				
Financial liabilities	Financial liabilities at fair value with changes in profit or loss	Financial liabilities measured at amortized cost	Derivatives designated as hedging instruments at fair value	Total
Commercial accounts payable	-	334,939	-	334,939
Other current financial liabilities	-	-	-	-

The cash balance involving cash balances and bank current accounts was not considered in this classification; those balances amounted to M$ 334,361 as of December 31, 2017 and M$ 113,789 in 2016.

Notes forming part of the Financial Statements

(b) Financial assets and liabilities at fair value.

In general, "fair value" is understood as the price that a financial instrument would have, at a certain time, in a free and voluntary transaction between interested parties, that are duly informed and independent of each other. For financial instruments without available market prices, the fair values have been estimated using current values or other valuation techniques. These techniques are significantly affected by the assumptions used, including the discount rate and the prepayment hypothesis. In that sense, fair value estimates of some financial assets and liabilities cannot be justified in comparison with independent markets and, in many cases, cannot be made with immediate placement.

Additionally, the fair value estimates presented below do not attempt to estimate the value of the Company's profits generated by its business, or future business activities, and therefore do not represent the value of the Company as a going concern.

The following are the methods used to estimate the fair value of financial instruments

(i) Cash and cash equivalents

The book value of cash and cash equivalents approximates their estimated fair value given their short-term nature, liquidity and immediate availability without restrictions

(ii) Commercial debtors and other accounts receivable and accounts receivable from related entities

The fair value of commercial debtors and other accounts receivable and accounts receivable from related entities is estimated as the cash flows that will be recovered by the Company at the time of collection, less the respective estimate of impairment of the asset.

The fair value of financial instruments is as follows:

(In thousands of Chilean pesos)

	As of December 31, 2017		
	Book value	**Estimated fair value**	**(loss) gain unrecognized**
Current assets:			
Cash and cash equivalents	**334,361**	**334,361**	**-**
Commercial debtors and other current accounts receivable	**2,081,024**	**2,081,024**	**-**
Current liabilities:			
Commercial accounts payable and other accounts payable	**478,573**	**478,573**	**-**
Non-current:			
Other current financial liabilities	**1,137,554**	**1,137,554**	**-**

	As of December 31, 2016		
	Book value	Estimated fair value	(loss) gain unrecognized
Assets:			
Cash and cash equivalents	113,788	113,788	-
Commercial debtors and other current accounts receivable	-	-	-
Current liabilities			
Commercial accounts payable and other accounts payable	334,939	334,939	-
Other current financial liabilities	-	-	-

10 Income tax and deferred taxes

(a) Income tax recognized in results of the year

(In thousands of Chilean pesos)

Income tax expense	Accumulated period January to December 2017	2016
Income tax from previous periods	**(4,361)**	(1,760)
Other/(Expenses) income from current tax	**(43,479)**	-
Expenditure on current taxes	**(47,840)**	(1,760)
Income/(expense) deferred by taxes related to the creation and reversal of temporary differences for current tax	**116,856**	-
Income tax expenses, net	**69,016**	(1,760)

There are no significant differences in the financial and tax bases of assets and liabilities that give rise to deferred taxes.

(b) Reconciliation of the accounting result with the fiscal result

(In thousands of Chilean pesos)

Income tax expense	2017	2016
Net income	**16,000,271**	99,461
Current tax rate	**25.5%**	24.0%
Tax expense using the legal rate	**(4,080,069)**	(23,871)
Foreign Credits Revenue	**18,355**	-
Adjustment to income tax recorded in previous periods	**(4,361)**	(1,760)
Non-taxable income	**4,114,976**	24,115
Other adjustments to taxable net income	**20,115**	(244)
Tax expense using the effective rate	**69,016**	(1,760)

On September 29, 2014, Law No. 20,780 was published in Chile, which established a permanent change in the first category tax rate of 21% as of the 2014 business year, up to 27% as of the 2018 business year.

On January 27, 2016, the bill for the Simplification of Tax Reform was approved, which aimed to simplify the income tax system that will take effect as of 2017; make adjustments to the value added tax; and the anti-circumvention standards. With regard to the tax system, the proposed amendment considers that Limited Companies (open or closed), as is the case of TCS Chile S.A., should always be taxed in accordance with the semi-integrated system. This system will then be the general regime of taxation for companies as of the 2017 business year.

(c) Deferred taxes

The detail of accumulated balances of deferred tax assets and liabilities on December 31, 2017 and 2016, is as follows

(In thousands of Chilean pesos)

Deferred tax assets recognized, related to:	2017	2016
Legal holiday provision	**21,839**	-
Others	**95,017**	-
Total deferred taxes	**116,856**	-

Notes forming part of the Financial Statements

(d) Movements Deferred taxes

The detail of the movement of deferred tax assets and liabilities on December 31, 2017 is as follows:

(In thousands of Chilean pesos)

Movement	Initial balance January 1, 2017	Effects recognized in the result	Effects recognized in equity	Other adjustments	Final balance December 31, 2017
Deferred tax assets recognized, related to:					
Legal holiday provision	-	21,839	-	-	21,839
Others	-	95,017		-	95,017
Total deferred taxes	-	116,856	-	-	116,856

11 Investment in Companies

This item shows the investments controlled by the Company that are held at cost. The detail is as follows:

(In thousands of Chilean pesos)

			% share		Book value of the investment	
Rut	**Company**	**Country of origin**	**2017**	2016	**2017**	2016
Foreign	TataSolution Center S.A.	Ecuador	1,0000000	1,0000000	55,916	55,916
76.385.060-9	Tata Consultancy Services Chile S.A. (Ex BPO)	Chile	99,9998000	99,9998000	32,070,655	32,070,655
Foreign	Technology Outsourcing S.A.C.	Peru	0,0000001	0,0000001	1	1
Totals					32,126,572	32,126,572

1. The Company maintains a 100% stake in these companies through Tata Consultancy Services Chile S.A.
2. Technology Outsourcing S.A.C. was established in 2015.

The movement of the investments controlled by the Company that are maintained at cost is as follows:

2017			% share		Book value of the investment	
	Company	**Country of origin**	**Book value of the investment 01-01-**	**Additions**	**Additions**	**Book value of the investment 31-12**
76.385.060-9	Tata Consultancy Services Chile S.A. (Ex BPO)	Chile	32,070,655	-	-	32,070,655
Foreign	TataSolution Center S.A.	Ecuador	55,916	-	-	55,916
Foreign	Technology Outsourcing S.A.C	Peru	1	-	-	1
2016						
76.385.060-9	Tata Consultancy Services Chile S.A. (Ex BPO)	Chile	32,070,655	-	-	32,070,655
Foreign	TataSolution Center S.A.	Ecuador	55,916	-	-	55,916
Foreign	Technology Outsourcing S.A.C	Peru	1	-	-	1
Totals			32,126,572	-	-	32,126,572

Notes forming part of the Financial Statements

The Administration has carried out impairment tests and it estimates that there is no risk of loss in the value of the assets recorded as of December 31, 2017 and 2016.

The balance of gains of M$ 17,720,950 maintained as of December 31, 2017 and December 31, 2016 recorded in the books of Tata Consultancy Services Chile SA and recognized through the investment in this company has been assigned to the cash generation unit of Tata Consultancy Services Chile S.A. The entity estimates the value in use of Tata Consultancy Services Chile S.A. cash generating unit based on future cash flows using an annual growth rate of 3% after a five-year projection with a discount rate of 8.08%. A sensitivity analysis of changes in the measurement parameters (operating margin, discount rate and long-term average growth rate), based on reasonably probable assumptions, does not identify any probable scenario in which the amount of recovery of the cash generating unit could decrease below the book value.

12 Commercial accounts payable and other accounts payable

The detail of commercial creditors, various creditors and other accounts payable as of December 31, 2017 and 2016, is as follows:

(In thousands of Chilean pesos)

	Current	
	2017	2016
Commercial accounts payable	**26,095**	64
Accounts payable related companies	**385,013**	334,875
Withholdings	**50,330**	-
Accrued interest on loans to related companies	**17,095**	-
Other accounts payable	**40**	-
Totals	**478,573**	334,939

13 Current liabilities for Employee benefits

The detail of other current liabilities as of December 31, 2017 and 2016, is as follows:

(In thousands of Chilean pesos)

	Current	
	2017	2016
Shares in profit or loss	**372,616**	-
Legal holiday	**85,644**	-
Totals	**458,260**	-

14 Perceived dividends from subsidiares

Details of dividends received from the subsidiaries Tata Solution Center S.A. (Ecuador) and Tata Consultancy Services Chile S.A., as of December 31, 2017 and 2016, are as follows:

(In thousands of Chilean pesos)

	2017	2016
Tata Consultancy Services Chile S.A.	**16,104,665**	-
Tata Solution Center S.A. (Ecuador)	**32,496**	100,480
Totals	**16,137,161**	100,480

Notes forming part of the Financial Statements

15 Exchange rate difference

(In thousands of Chilean pesos)

	2017	2016
Other exchange differences	**(282,513)**	(495)
Totals	**(282,513)**	(495)

16 Paid capital

As of December 31, 2017, the capital of the Company was composed as follows:

(In thousands of Chilean pesos)

Series	**Subscribed capital**	**Paid-in capital**
Unique	**15,290,304**	**15,290,304**

17 Subsequent events

In the period between December 31, 2017 and the date of issuance of these separate financial statements, no significant events have occurred that affect them.

TATA CONSULTANCY SERVICES CHILE S.A.

FINANCIAL STATEMENTS

As Of December 2017 And 2016
And For The Years Then Ended
(with the Independent Auditor's Report Thereon)

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
TATA CONSULTANCY SERVICES CHILE S.A.

Report on the Financial Statements

We have audited the accompanying separate financial statements of Tata Consultancy Services Chile S.A. ("the Company"), which comprise the separate statement of financial position as of December 31, 2017, and the separate statement of comprehensive income, per nature of the expense, separate Statement of changes in equity, and separate statement of cash flows for the year then ended, and the related notes to the separate financial statements.

Management's Responsibility for the separate financial statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of separate 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 separate financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate 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 separate financial statements.

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

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of Tata Consultancy Services Chile S.A. as of December 31, 2017, the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matters

The accompanying separate financial statements of Tata Consultancy Services Chile S.A. as of December 2016 and for the year then ended were audited by other auditors whose report thereon dated April 21, 2017, expressed an unmodified opinion on these financial statements.

Restriction on Distribution and Use

This separate financial statements have been prepared for the limited purpose of consolidated financial statements, to comply with the Section 129 (3) of the Companies Act 2013,of Tata Consultancy Services Limited for the year ended 31st March, 2018 in accordance with International Accounting Standards. Our report is intended solely for the information and use of Board of Directors of the company and Tata Consultancy Services Limited for the preparation of consolidated financial statements as aforesaid and for the use at their annual general meetings for the Information of their members. It is not intended to be and should not be used by anyone other than specified parties.

K B J & ASSOCIATES
(Chartered Accountants)
(Firm Registration No. 114934W)

Kaushik B. Joshi
Proprietor
(Membership No.48889}

Mumbai, 22 May 2018

Separate Statements of Financial Position as of December 31, 2017 and 2016

(ThCh$)

	Note	2017	2016
ASSETS			
Current assets			
Cash and cash equivalents	6	**5,024,149**	7,189,416
Trade debtors and other current accounts receivable	7(a)	**7,231,713**	6,547,126
Accrued, unbilled revenue	7(c)	**1,725,563**	1,819,317
Inventories	9	**76,832**	6,558
Other financial current assets	10(a)	**541,933**	534,379
Current tax assets	11(a)	**470,666**	508,233
Other non-financial assets, current	18	**278,177**	68,072
Total Current Assets		**15,349,033**	16,673,101
Non-current assets			
Other non-current financial assets	10(b)	**13,522,411**	22,544,970
Non-current tax assets	11(b)	**1,683,023**	1,757,689
Investments in subsidiary	19	**10,445,469**	10,445,469
Goodwill	12	**17,720,950**	17,720,950
Property, plant and equipment, net	13	**938,040**	1,308,887
Intangible assets	14	**7,592**	25,206
Other non-financial assets, non-current	17	**10,213**	13,431
Deferred tax assets	16(c)	**558,123**	1,221,102
Total non-current assets		**44,885,821**	55,037,704
Total Assets		**60,234,854**	71,710,805
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	20	**3,634,092**	2,298,493
Other financial liabilities, current	21	**258,003**	598,348
Unaccrued billed services	23	**193,304**	148,417
Current provision for employee benefits	22(a)	**1,219,106**	1,063,113
Other non-financial liabilities, current	24	**1,030,805**	845,961
Total current liabilities		**6,335,310**	4,954,332
Equity			
Share capital	25	**16,997,134**	16,997,134
Retained earnings		**36,902,410**	49,759,339
Total equity		**53,899,544**	66,756,473
TOTAL LIABILITIES AND EQUITY		**60,234,854**	71,710,805

Separate Statements of Comprehensive Income, per Nature of the Expense for the years ended December 31, 2017 and 2016

(ThCh$)

	Note	Accumulated 2017	Accumulated 2016 Restated (*)
Revenue	26	**33,022,407**	30,871,286
TOTAL REVENUE		**33,022,407**	30,871,286
Expenses			
Employee benefit expenses		**(20,347,430)**	(22,997,550)
Other operational expenses	28	**(11,633,536)**	(7,701,479)
License depreciation and amortization expenses		**(489,453)**	(419,123)
TOTAL EXPENSES		**(32,470,419)**	(31,118,152)
TOTAL OPERATING INCOME (LOSS)		**551,988**	(246,866)
Other income			
Interest income and other income	27	**853,656**	974,555
Dividends received from subsidiaries	29	**3,209,134**	9,941,828
Foreign currency translation difference	31	**(1,156,305)**	(1,202,335)
Other non-operating expenses, net	30	**7,224**	6,666
TOTAL OTHER INCOME, NET		**2,913,709**	9,720,714
PROFIT BEFORE TAX		**3,465,697**	9,473,848
Income tax benefit (expense)	16(a)	**(217,924)**	252,938
PROFIT FROM CONTINUING OPERATIONS AFTER TAX		**3,247,773**	9,726,786
Net gain		**3,247,773**	9,726,786
OTHER COMPREHENSIVE INCOME (LOSS)			
Net gain		**3,247,773**	9,726,786
Other comprehensive income (loss)		**-**	-
TOTAL COMPREHENSIVE INCOME (LOSS)		**3,247,773**	9,726,786

Separate Statements of changes in Equity for the year ended December 31, 2017 and 2016

(ThCh$)

	Number of shares	Share capital	Retained earnings	Total equity
Balance as of January 1, 2017	**431,926**	**16,997,134**	**49,759,339**	**66,756,473**
Comprehensive Income				
Profit for the year	**-**		**3,247,773**	**3,247,773**
Other comprehensive income (loss)	**-**	**-**	**-**	**-**
Total comprehensive income (loss)	**-**	**-**	**3,247,773**	**3,247,773**
Dividends distributed to the shareholders	**-**	**-**	**(16,104,702)**	**(16,104,702)**
Changes in equity	**-**	**-**	**(12,856,929)**	**(12,856,929)**
Closing balance as at 31 December 2017	**431,926**	**16,997,134**	**36,902,410**	**53,899,544**
Opening balance as at 1 January 2016	431,926	16,997,134	40,032,553	57,029,687
Comprehensive Income:				
Profit for the year	-	-	9,726,786	9,726,786
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	-	-	9,726,786	9,726,786
Changes in equity	-	-	9,726,786	9,726,786
Closing balance as at 31 December 2016	431,926	16,997,134	49,759,339	66,756,473

See accompanying notes forming part of the financial statements.

Separate Statements of Cash Flows, Indirect Method as of December 31, 2017 and 2016

(ThCh$)

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	**3,247,773**	9,726,786
Adjustments to reconcile net gain:		
Income tax	**217,924**	(252,938)
License depreciation and amortization	**489,453**	419,123
Loss from disposal of property, plant and equipment	**423**	-
Effect of foreign currency translation difference	**1,156,305**	1,202,335
Total cash flows before changes in working capital	**1,864,105**	1,368,520
Increase/(decrease) in working capital:		
Trade receivables	**(506,609)**	(409,219)
Accrued revenue	**93,754**	1,987,973
Other financial assets, current	**(7,554)**	748,452
Inventories	**(70,275)**	6,951
Other assets, current and non-current	**(206,887)**	273,753
Trade payables	**1,335,599**	(1,806,405)
Other financial liabilities, current	**(340,375)**	179,539
Unaccrued, billed services	**44,887**	131,273
Current and non-current tax assets	**557,288**	(334,953)
Provisions and employee benefits	**155,993**	(83,997)
Other current liability	**184,845**	169,748
Total net increase in working capital	**1,240,666**	863,115
Net cash from (used in) operating activities	**6,352,544**	11,958,421
NET CASH FROM (USED IN) INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	**(101,414)**	(441,889)
Loans granted to related parties	**(1,144,744)**	(6,939,262)
Cash receipts for loans granted to related parties	**8,833,049**	2,196,193
Payment associated with the acquisition of a subsidiary	**-**	(1,147,621)
Net cash from (used in) investing activities	**7,586,891**	(6,332,579)
NET CASH FROM (USED IN) FINANCING ACTIVITIES:		
Payment of dividends	**(16,104,702)**	-
Net cash used in financing activities	**(16,104,702)**	-
Net increase/(decrease) in cash and cash equivalents	**(2,165,267)**	5,625,842
Effect of exchange rate fluctuations on cash and cash equivalents	**-**	-
Cash and cash equivalents at January 1	**7,189,416**	1,563,574
Cash and cash equivalents at December 31	**5,024,149**	7,189,416

Notes forming part of the Financial Statements

1. GENERAL INFORMATION

On October 18, 2005, Tata Consultancy Services (TCS) Chile Limitada was incorporated via public deed.

On December 1, 2006, the shareholders agreed to incorporate the Company as a closely-held shareholders' corporation in conformity with Articles No. 96 and 97 of Law No. 18.046 (the Public Company Act). The Company is referred to as Tata Consultancy Services BPO Chile S.A.

On December 28, 2006, Tatasolution Center S.A. (a subsidiary of Tata Consultancy Services Chile S.A.), was incorporated in Ecuador and commenced its operations on June 1, 2007. It is mainly engaged in providing IT services, software development and maintenance, and administrative and operating processes (BPO) primarily to financial institutions.

On December 29, 2006, Tata Consultancy Services BPO Chile S.A. (formerly - Tata Consultancy Services (TCS) Chile Limitada) acquired 100% of shares of its subsidiary Tata Consultancy Services BPO Chile S.A. (formerly - Comicrom S.A.). Consequently, such subsidiary was dissolved by operation of law.

On February 15, 2010, the foreign subsidiary "Tata Consultancy Services Sucursal Perú" was incorporated via public deed.

At Extraordinary Shareholders' Meeting held on July 30, 2010, the shareholders agreed on the merger through absorption of Tata Consultancy Services BPO Chile S.A. by Tata Consultancy Services Chile S.A., and accordingly, at such meeting the company's name was changed from Tata Consultancy Services BPO Chile S.A. to Tata Consultancy Services Chile S.A.

Tata Consultancy Services (TCS) is one of the largest private business conglomerates in India. Since its incorporation in 1968, TCS has demonstrated to be an entity of an innovative and cutting-edge spirit, being recognized worldwide as a main driver for the development and growth of the Indian software industry.

TCS is a pioneer in the adoption of global and highly flexible business practices, enabling its customers to operate more efficiently, generating added value. This has been possible because of the Company's development and improvement of the best service practices in the industry.

TCS's services are characterized by a highly-innovative deployment and performance, which has had an impact on the standards for the IT service industry. Such service approach, referred to as Global Network Delivery Model (GNDMTM), has allowed TCS to develop high-value services, with high quality products and delivery services for both IT and BPO. As a comprehensive part of its Global Network Delivery Model, TCS maintains Excellence Centers engaged in several Hardware and Software industry technologies, e.g., Oracle, SAP, Microsoft, HP, Cisco and IBM, among others, achieving the strictest certifications and developing close relationships with the most relevant manufacturers in the IT industry.

In Chile, the Company began its operations in 2003 and currently has 1,308 employees in offices located in Santiago (Head office), Valparaíso, Concepción and Buin, having operations throughout Chile through its Technical Service and Regional Exchange areas to provide services to more than 100 customers from several industries, e.g., Bank and Financial Services, Retail, Insurance, Telecommunications, Manufacturing, Governance, Mining and Transportation.

Because of the existing operating and financial integration between the Company and its Parent, these have to be read and analyzed in conjunction with the financial statements of TCS LTD in India.

2. BASES FOR PRESENTATION OF SEPARATE FINANCIAL STATEMENTS

(a) Statement of compliance

These separate financial statements of Tata Consultancy Services Chile S.A. (hereinafter the "Company"), for the year ended December 31, 2017, are presented in Chilean pesos and have been prepared in accordance with IAS 27, "Separate Financial Statements" of International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (hereinafter the "IASB"), applying the exception described in applying the exception included in paragraph 4 of IFRS 10, Consolidated Financial Statements. Likewise, these financial statements are exempt from disclosure provisions contained in IFRS 12.

Notes forming part of the Financial Statements

The information contained in the separate financial statements is the responsibility of the Company's Management which expressly states it has applied all the principles and criteria included in IAS 27 and IFRS, which have been approved by the Board of Directors on March 29, 2018.

(b) Historical cost basis

The separate financial statements have been prepared on the historical cost basis. Generally, the historical cost is based on the fair value of the consideration paid in exchange for goods and services. The fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants on the measurement date, regardless if such price is observable or estimated using another measurement technique. The fair value for measurement and/or disclosure purposes in these separate financial statements is calculated so that except for other transactions measured at market value, which is not fair value, such as the net realizable value of IAS 2 or value in use of IAS 36.

In addition, for financial reporting purposes, the measurement of fair value are classified in Level 1, 2 or 3 considering the degree in which inputs are observed in the measurement of fair value and the significance of inputs for the measurement of the fair value in its entirety, which are described as follows:

- Level 1 inputs are fair value measurements using quoted prices (unadjusted) in active markets for assets and liabilities, for which the Bank has the ability to 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, fair value measurements using unobservable inputs for the asset or liability.

(c) Separate financial statements

(i) Separate statements of financial position

In the separate statements of financial position of Tata Consultancy Services Chile S.A., balances are classified on the basis of their maturities; i.e., as current when they have maturities equal or less than 12 months, and as non-current when the maturity is more than 12 months. If any obligations exist which maturity is less than 12 months, but according to the Company, its long term refinancing is secured through credit contracts available unconditionally with long term maturities, they are classified as long-term liabilities.

(ii) Separate statements of income

Tata Consultancy Services Chile S.A. has opted to record its statements of income classified by nature.

(iii) Separate statements of cash flows

Tata Consultancy Services Chile S.A. has opted to present its statements of cash flows using the indirect method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been used in the preparation of these separate financial statements. As re-quireby IFRS 1, these policies have been defined considering the IFRS in issue as of December 31, 2017.

The entity has consistently applied the following accounting policies to all periods presented in these separate financial statements.

Certain comparative amounts included in the separate statements of income and other comprehensive income for the period have been reclassified as a result of a change in the classification in the current year (See Note 3(v)).

(a) Períod covered

These separate financial statements of Tata Consultancy Services Chile S.A. comprise the years ended December 31, 2017 and 2016.

(b) Currency

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured in terms of historical cost shall be translated using the exchange rate at the date of the transaction.

(c) Bases for translation

Balances of assets and liabilities in UF (inflation-adjusted units), U.S. dollars and other foreign currency have been translated to Chilean pesos at the exchange rates in force at the closing date of the separate financial statements:

At the reporting date, the effective exchange rates are detailed as follows: (ThCh$)

	2017	2016
United States Dollars	**614.63**	666.22
UF	**26,788.20**	26,348.03

Foreign currency translation differences and adjustments are debited or credited to profit or loss, as applicable, in accordance with IFRS.

The exchange rates used by the Company at the reporting date do not significantly differ from the currently in force

(d) Investment in subsidiaries held at cost

For the preparation of the separate financial statements the Company has used the exemption described in paragraph 4 of IFRS 10, which allows not using the equity method of accounting to recognize investments in subsidiaries in which the entity has control and significant influence complying with certain conditions. The Company meets each and every of such conditions as of December 31, 2017 and 2016. The Company's shareholders have authorized the preparation of the separate financial statement because the Company's financial information is included in the consolidated financial statements of its ultimate Parent, prepared and presented in accordance with IFRS as issued by the IASB, Tata Consultancy Services Limited (India), which can be found at the web site: https://www.tcs.com/investor-relations

Investments in subsidiaries are recognized at cost and relate to:

Subsidiary	Country	Interest % Share	Address
TataSolution Center S.A.	Ecuador	99.0000	Francisco Salazar N10-6, Quito
Tata Consultancy Services Sucursal del Peru	Peru	100.0000	Av. Siete N° 229, Pabellón B, Nivel 2, La Molina, Lima
Technology Outsourcing S.A.C	Peru	99.9999	Av. Nicolás Ayllon 2942, piso 3. El Agustino, Lima

The Company determines whether it is necessary to recognize an impairment loss in the subsidiaries. The Company determines at each reporting date whether objective evidence exists that the investment in the subsidiaries has been impaired; if this is the case, the Company calculates the impairment amount as the difference between the higher of the value in use and fair value of the subsidiary and the acquisition cost and recognizes the amount in the statement of income.

Notes forming part of the Financial Statements

(e) Property, plant and equipment

At the date of transition to the International Financial Reporting Standards, the Company opted to defined deemed cost as the option to maintain the assets measured at adjusted acquisition cost and discounted by the accumulated depreciation when applicable under the Chilean standards through the date of the adoption of IFRS.

The cost of items of property, plant and equipment comprises their acquisition cost plus any other costs directly attributable to bringing the assets to a working condition for their intended use as foreseen by Management and the initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located. Financial cost is capitalized in accordance with IAS 23

Repair, preservation and maintenance expenses are expensed in profit or loss in the period in which they incurred. Note that certain items of property, plant and equipment of Tata Consultancy Services Chile S.A. require regular reviews. In this sense, the items that are replaced are recognized separately from the rest of the asset and with a disaggregation level which allows their amortization in the period between the present and next repair.

Expansion, modernization and improvement costs that represent an increase in productivity, capacity or efficiency, or an increase in the useful life, are capitalized by increasing the value of the assets.

The gain or loss from selling or retirement of an asset is calculated as the difference between the price obtained from the sale and the carrying amount in the accounting records with a debit or credit to profit or loss for the period.

(f) Depreciation

Items of property, plant and equipment are depreciated using the straight-line method by distributing the acquisition cost of the assets less their estimated residual value over the estimated useful lives of assets.

The residual value and useful life of items of property, plant and equipment are reviewed on an annual basis, and depreciation starts when assets are brought to working condition for their intended use.

The main categories of property, plant and equipment are presented and their related useful lives are shown below:

	Useful life (years)
Furniture and fixtures	5
Machinery and computer equipment	4
Electrical equipment and air conditioner	10
Storage facilities	10

Land is recognized separately from the buildings or facilities that may be constructed on them, and have an indefinite life and accordingly, is not depreciated

Tata Consultancy Services Chile S.A., at least annually, assesses the existence of a possible impairment of assets in property, plant and equipment. Any reversal of the impairment loss is recognized in profit or loss, where applicable

(g) Inventories

Inventories are measured at the lower of cost and fair value. Cost is determined using the weighted average method.

The net realizable value of the cost of inventories is subject to adjustment against profit or loss in those cases where their cost exceeds their net realizable value

(h) Classification of balances (current and non-current)

In the accompanying statement of financial position, balances may be classified according to their maturities, i.e. as current those with maturities of 12 months or less and non-current those with maturities exceeding 12 months.

(i) Statement of cash flows

For the preparation of the statement of cash flows, the Company uses the following definitions:

Cash and cash equivalents relates to cash on hand, cash in bank current accounts, time deposit and highly-liquid fixed income mutual fund deposits held in financial entities with original maturities of up to three months and insignificant risk of loss of value.

The statement of cash flows considers the following account categories:

(i) Operating activities

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities

(ii) Investing activities

Correspond to acquisition, disposal or sale activities by other means of non-current assets and other investments not included in cash and cash equivalents

(iii) Financing activities

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

(j) Income tax and deferred taxes

The Company determines the taxable basis and calculates income tax in accordance with current tax legislation.

Deferred taxes arising from temporary differences and other events generating differences between the accounting and tax basis of assets and liabilities are recorded in accordance with IAS 12 "Income Taxes".

Temporary differences between the carrying amount of assets and liabilities and their tax basis generate the balance of deferred tax assets or liabilities, which are calculated using the tax rates expected to be applicable when the assets and liabilities are realized.

Changes during the year in deferred tax assets and liabilities are recognized in profit or loss or directly in equity accounts in the statement of financial position, as applicable.

A deferred tax asset is recognized only to the extent that is probable that future taxable profits will be available against which the temporary difference can be utilized to recover temporary difference deductions

(k) Revenue recognition

Revenue is recognized when it is likely that the Company will receive the economic benefits associated with the transaction and such revenue can be measured reliably. The specific recognition criteria indicated below must be met prior to recognizing revenue.

(i) Revenue by projects

Revenue is recognized considering the percentage of completion of each project.

(ii) Technical support, consultancy and other services

For such services revenue is recognized when the related activities have been performed.

(iii) Sale of licenses

Revenue is recognized when software is delivered.

(iv) Maintenance and advisory services

Revenue is recognized as and when services are rendered considering each individual stage of the performance of the contracts and considering the percentage of completion of services

Notes forming part of the Financial Statements

(l) Provisions and contingent liabilities

Provisions are liabilities of uncertain timing or amount. Such provisions are recognized in the balance sheet when the following requirements are met in a copulative manner:

- The Company has a present legal or constructive obligation as a result of a past event.
- It is probable that at the reporting date an outflow of economic benefits will be required to settle the obligation.
- The obligation can be estimated reliably.

A contingent asset or liability is a benefit obligation arising from past events whose existence will be confirmed only if one or more future uncertain events happen that are not under the control of the Company.

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 recognized as finance cost

(m) Employee benefits

The Company recognizes accrued vacation expenses using the accrual method. Such benefit is applicable to all personnel and relates to a fixed amount according to each employee's contract, which is recorded at their nominal value.

(n) Goodwill

Goodwill represents the positive difference between the acquisition cost and the fair value of the identifiable assets acquired, liabilities and contingent liabilities of the acquiree. Goodwill is initially measured at cost and subsequently measured at cost less impairment losses, if any. Goodwill is reviewed annually for the existence of any impairment indications or more frequently if events or changes in circumstances exist indicating that the carrying amount may be impaired.

(o) Intangible assets

Intangible assets acquired separately are measured at cost at initial recognition. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition. Subsequent to initial recognition, intangible assets are recorded at cost less any accumulated amortization (for intangible assets with finite useful lives) and any accumulated impairment loss.

The useful lives of intangible assets are stated as definite or indefinite. Intangible assets with indefinite useful lives are tested annually or when any indication of impairment is identified, either individually or at the cash-generating unit level ("CGU").

Intangible assets with definite lives are amortized over their useful lives and their impairment is assessed whenever there are indicators that an intangible asset could be impaired. The amortization period and amortization method for an intangible asset with a finite useful life are reviewed at least at each year-end. Expected changes in the useful life or the expected pattern of consumption of the future economic benefits included in the asset are recognized by changing the amortization period or method, as applicable, and treated as changes in accounting estimates. The amortization expense of intangible assets with finite useful lives is recognized in the statement of income in the expense category that is consistent with the intangible asset function.

(p) IT software

Licenses acquired for IT software recognized at costs incurred to acquire them and prepare software for specific use. Such costs are amortized over their estimated useful lives.

IT software maintenance and development costs are expensed in the period in which they are incurred.

(q) Research and development expenses

Research and development expenses are recorded as expenses when incurred, except when they comply with the provisions of paragraph 57 of IAS 38. Because of the nature of its business, at the reporting period the Company has not incurred in such expenses.

(r) Financial assets

(i) Financial assets at fair value through profit or loss

The main characteristic of these asset is that they are incurred mainly for selling them at short term in order to obtain profitability and liquidity. Such instruments are measured at fair value and changes in their value are recorded in profit or loss in the period on which they occur.

(ii) Trade receivables and other receivables and trade receivables due from related parties

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in a formal active market. Such category comprises sales on simple credit terms, sales on credit terms using checks, drafts and promissory notes, sales using credit cards, services provided to related parties, and other minor items.

Such loans and receivables are initially recognized at fair value and are subsequently recorded at amortized cost using the effective interest method, less any impairment loss. These are presented in current assets except for those amounts exceeding twelve months past due from the closing date of the separate financial statements.

An allowance for impairment loss of trade receivables is established when there is objective evidence that the Company will not be able to collect the outstanding amounts in accordance with the original terms of receivables. The amount of the provision is determined based on the uncollectibility of the balance, which is established based on a risk analysis performed on each customer, credit history, aging, and the status of the collection of receivables. The amount of the provision is recognized in profit or loss.

(iii) Effective interest rate

The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest expense throughout the relevant period. The effective interest rate corresponds to the rate that exactly discounts the estimated future cash flows receivable (including all charges on items paid or received that are part of the effective rate, transaction costs and other premiums or discounts) throughout the expected term of the financial asset.

(s) Financial liabilities

All obligations and loans with financial institutions are initially recognized at fair value net of costs incurred in the transaction. Subsequent to initial recognition, interest-bearing obligations and loans are subsequently measured at amortized cost, recognizing, if applicable, any higher or lower amount in the allocation on the term of the related debt using the effective interest method, unless hedged items are determined in a fair value hedge.

The Company maintains operating leases, which basically relate to its administrative offices. The Company records no contracts classified as finance leases under IAS 17. Operating lease contracts are recognized in profit or loss on an accrual basis.

The Company maintains operating leases, which basically relate to its administrative offices. The Company records no contracts classified as finance leases under IAS 17. Operating lease contracts are recognized in profit or loss on an accrual basis.

For finance leases, the market interest rate is determined by reference to similar leases.

Trade and other payables are recognized at their nominal value, as their average payment is reduced and there is no relevant difference to their fair value.

Financial liabilities are derecognized when the obligations specified in the contracts are canceled, expired or written-off.

The Company has no debt securities containing conditions to be converted into equity instruments.

Notes forming part of the Financial Statements

(t) Offsetting of balances and transactions

Generally, in the separate financial statements there is no offsetting of assets or liabilities or revenue and expenses, except for those cases where such offsetting is required or permitted by any section of the standard and such presentation is the reflection of the substance of the transaction.

Revenue and expenses generated by transactions which contractually or mandatorily because of the enactment of a law contemplate the possibility of offsetting, are those for which the Company expects to settle their net amount or realize the asset and pay the liability simultaneously.

(u) Dividends

The distribution of dividends to the shareholders is recognized as a liability at the end of each year in the separate financial statements, based on the dividend policy established in the bylaws and by the shareholders at the Ordinary General Shareholders' Meeting.

(v) Corrections to the 2016 financial statements

During 2017, the Company opted to present its expenses in the separate statement of profit or loss using the classification by nature instead of the classification by function. Such changes have been made because the classification of expenses by nature is considered to provide more reliable and relevant information for users. The classification of expenses by nature is more useful to forecast future cash flows. Accordingly figures for 2016 has been regrouped.

(w) New accounting pronouncements.

The following new standards and interpretations have been adopted in these separate financial statements

Amendments to IFRS	Date of mandatory application
Accounting for Acquisition of Interests in Joint Operations (Amendments to IFRS 11)	Annual periods beginning on or after January 1, 2016.
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)	Annual periods beginning on or after January 1, 2016.
Agriculture: Agriculture: Bearer plants (Amendments to IAS 16 and IAS 41).	Annual periods beginning on or after January 1, 2016.
Equity Method in Separate Financial Statements (Amendments to IAS 27)	Annual periods beginning on or after January 1, 2016.
Disclosure Initiative (Amendment to IAS 1)	Annual periods beginning on or after January 1, 2016.
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	Annual periods beginning on or after January 1, 2016.
Annual Improvements Cycle 2012 – 2014 Improvements to four IFRSs	Annual periods beginning on or after January 1, 2016.
New IFRS	**Mandatory application date**
IFRS 9, Financial Instruments	Annual periods beginning on or after January 1, 2018.
IFRS 15, Revenue from Contracts with Customers	Annual periods beginning on or after January 1, 2018.
IFRS 16, Leases	Annual periods beginning on or after January 1, 2019.

Amendments to IFRS	Mandatory application date
Sales or Contributions of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Mandatory date deferred indefinitely
Recognition of deferred tax assets for unrealized losses (Amendment to IAS 12)	Annual periods beginning on or after January 1, 2017.
Disclosure Initiative (Amendment to IAS 7)	Annual periods beginning on or after January 1, 2017.
Clarifications to IFRS 15 "Revenue from Contracts with Customers"	Annual periods beginning on or after January 1, 2018.
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	Annual periods beginning on or after January 1, 2018.
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)	Overlay approach effective when an entity first applies IFRS 9. Deferral approach effective for annual periods beginning on or after January 1, 2018. The deferral can only be used for the three years after such date.
Transfers of Investment Property (Amendments to IAS 40)	Annual periods beginning on or after January 1, 2018.
Annual Improvements Cycle 2014–2016 (Amendments to IFRS 1, IFRS 12 and IAS 28)	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018. The amendments to IFRS 12 are effective for annual periods beginning on or after January 1, 2017.
New Interpretations	**Mandatory application date**
IFRIC 22: Foreign Currency Transactions and Advance Consideration	Annual periods beginning on or after January 1, 2018.

The Company's management is assessing the potential impact of adopting the following new standards:

IFRS 9 – Financial Instruments

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional changes relating to financial liabilities.

On November 19, 2013, the IASB issued a new document that expands and amends this and other related standards, Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39. This document includes the new hedge accounting model, allows the early adoption of the requirement of presenting changes in value associated with own credit risk in liabilities designated at fair value through profit or loss, which are recognized in Other Comprehensive Income.

On July 24, 2014, the IASB issued the fourth and last version of its ninth standard on financial instruments, IFRS 9 Financial Instruments. The new standard provides revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the new general hedge accounting requirements published in 2013.

The effective date corresponds to Financial Statements issued for periods beginning on or after January 1, 2018. Early adoption is permitted.

Management assessed the financial assets and liabilities recognized applying the classification and measurement requirements contained in IFRS 9, and concluded that the application of such standard will have no material impact on the amounts reported with respect to the Company's financial assets and liabilities.

Notes forming part of the Financial Statements

IFRS 15 – Revenue from Contracts with Customers

Issued on May 28, 2014, this standard establishes a single comprehensive model for entities recognizing revenue arising from contracts with customers. When IFRS 15 becomes effective it will supersede current revenue recognition standards contained in IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations.

This new Standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. This Standard contains a single model that applies to contracts with customer and two approaches for recognizing revenue: at a point in time or over time.

The model considers an analysis of transactions based on a five-step model to determine whether, how much and when revenue is recognized:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

This standard allows two application approaches: full retrospective and modified retrospective.

The Company is engaged in the rendering of IT and BPO services. Its main business are generated from contracts with a fixed service price plus a margin and recognized when the service is rendered.

If the services under a single arrangement are rendered in different reporting periods, the consideration is allocated on a relative fair value basis between the different services. Through the present date, revenue is recognized using the percentage of completion method.

Under IFRS 15, the total consideration of these services contracts will be distributed to all services based on their individual sale prices. The individual sale prices will be determined based on the listed prices in which the Company sale services in separated transactions.

Based on its assessments, the Company believes the fair value and separate sales prices are considerably similar. Accordingly, the Company expects that the application of IFRS 15 results in a significant difference in the timing or valuation of revenue recognition for such services.

IFRS 16 - Leases

Issued on January 13, 2016, this Standard will require companies to bring all leases on-balance sheet from January 1, 2019. Companies with operating leases will be more asset-rich but also more heavily indebted. The larger the lease portfolio, the greater the impact on key reporting metrics.

This standard is effective for periods beginning on or after January 1, 2019. Early adoption is permitted.

The Company believes it will adopt this standard in its financial statements for the period beginning on January 1, 2019, and its application will result in no significant impacts.

(4) FINANCIAL RISK MANAGEMENT AND DEFINITIONS OF HEDGES

During the normal course of business and financing activities, the Company is exposed to different financial risks that may have a more or less significant effect on the economic value of its cash flows and assets and, consequently, its profit or loss.

The Company has an organization and information systems, managed by the Corporate Finance Management, which allows it to identify such risks, determine their magnitude and propose mitigating actions to the Board of Directors execute those actions and control their effectiveness.

The definition of the Company's exposure to different risks is provided below together with risk characteristics and quantification, as well as a description of actions currently taken by the Company to mitigate those risks, when applicable.

(a) Interest rate risk

The Company is not exposed to interest rate risk because it maintains no financial borrowings. Financial costs for the year relate to performance bonds associated with projects with customers. Indebtedness management is defined and approved by the Corporate Finance Management, prior to a liquidity assessment of the remaining companies that are a part of TCS Latin America, leveraged in the different projects in the Region.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet its contractual obligations.

The Company is mainly engaged in key / focus accounts which relate to large companies previously defined and assigned high priority for generating income for TCS. Generally, such companies have their main offices in one of the countries where the Company operates. Additionally, the Company works with significant accounts other than focus accounts that are global accounts with local operations.

Credit assessment is conducted at country level on the companies' financial condition based on information available related to the customer and forecasts, financial and liquidity strength, from publicly available documents or any other source.

Credit risk assessment is conducted based on the financial condition of trade and other receivables; for other current and non-current financial assets, no credit risk conditions are identified because they mainly relate to transactions with third parties. Maximum credit risk exposure is detailed as follows:

(ThCh$)

	Accumulated	
	2017	2016
Cash and cash equivalents	**5,024,149**	7,189,416
Trade and other receivables	**7,231,713**	6,547,126
Accrued, unbilled revenue	**1,725,563**	1,819,317
Other financial assets	**14,064,344**	23,079,349
Total net exposure	**28,045,769**	38,635,208

Both for trade receivables and other financial assets, the Company maintains balances receivable of ThCh$496,679 with an aging of more than 180 days related to balances receivable associated with transactions and loans granted to related parties for which the Company believes no collectability risk exists because a schedule of payments has been agreed for 2018

Notes forming part of the Financial Statements

(c) Liquidity risk

The Board of Directors has established a proper approval performance and policy framework to manage liquidity so that Management is able to address short, medium and long-term financing requirements as well as the Group's liquidity management. The Group addresses liquidity risk by maintaining reserves, financial and revolving credit facilities, constantly monitoring forecasts and actual cash flows and reconciling maturity profiles of financial assets and liabilities. The Company's growth has been mainly financed by cash flows from operating activities.

(ThCh$)

2017	Carrying amount	0 to 3 months	3 months to 1 year
Other financial liabilities	**258,003**	**40,256**	**217,747**
Trade and other payables	**3,634,092**	**3,634,092**	**-**
Totals	**3,892,095**	**3,674,348**	**217,747**
2016			
Other financial liabilities	598,348	598,348	-
Trade and other payables	2,298,493	1,938,635	359,858
Totals	2,896,841	2,536,983	359,858

(d) Currency risk

The Company is exposed to currency risk from changes in exchange rates mainly related to U.S. dollar for operations and loans granted to other Group companies. The maximum risk exposure amounts to ThUS$22,775 for cash, receivables due from related parties and financial assets. Should the variance of U.S. dollar be approximately of 8% for the year, the effect on profit or loss would be a loss of ThCh$1,174,936.

(e) Capital risk

TATA Group manages its capital to ensure the ability of Group companies to continue as going concern, while maximizing shareholders' performance through optimization of debt and equity balances.

TATA Group's Corporate Finance Management reviews capital structure of the Group on an annual basis. As part of such review, the Committee considers capital costs and the risks associated with each class of capital.

As of December 31, 2017 and 2016, the Company's main financial ratios are detailed as follows (unaudited).

(MCh$)

		2017	**%**		2016	%
Working capital	**-**	**9,014**	**-**	-	11,719	-
Liquidity ratio	**2.42 times**	**-**	**-**	3.36 times	-	
Total Liabilities / Equity	**0.12 times**	**-**	**-**	0.07 times	-	-
Financial debt / total assets	**-**	**-**	**-**	-	-	-

Management believes these financial ratios are within proper parameters for an organization of the Company's size and development level

5. DISCLOSURE OF MANAGEMENT'S JUDGMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

The application of International Financial Reporting Standards requires using estimates and assumptions that may affect the reported amounts of assets and liabilities, and revenue and expenses at the reporting date. For the preparation of the separate financial statements, certain estimates have been made by the Company's Management to quantify certain assets, liabilities, revenue, expenses and commitments recognized therein. The most significant are detailed as follows:

Impairment of assets

The Company reviews the carrying amount of its accounts receivable, tangible assets, goodwill and investments in subsidiaries to determine whether an indication exists that the carrying amount may not be recoverable in accordance with IAS 36. If such an indication exists, then the asset's recoverable amount is estimated. In assessing impairment, assets that do not generate independent cash flows are grouped in the cash-generating unit ("CGU") to which the asset belongs. The recoverable amount of these assets or CGU is measured at the higher of fair value and value in use.

Management uses its judgment in the grouping of assets that do not generate independent cash flows and also in estimating the timing and value of underlying cash flow calculations. Subsequent changes in the group of CGU or frequency of cash flows could impact the carrying amounts of the respective assets.

For commercial financial assets, the Company has defined a policy for recording the allowance for impairment considering the uncollectibility of the balance, which is determined based on a risk analysis of each customer based on the ageing and status of the collection of receivables.

Although these estimates were made based on the best information available at the reporting date, it is possible that future events may require adjustments in following periods (increases or decreases), which would be applied prospectively, recognizing the effects of changes in estimates in future separate financial statements

6. CASH AND CASH EQUIVALENTS

As of December 31, 2017 and 2016, this caption is composed of the following:

(ThCh$)

	2017	2016
Cash on hand	**15,975**	1,795
Cash in banks	**5,008,174**	7,187,621
Totals	**5,024,149**	7,189,416

As of December 31, 2017, cash in banks is as follows:

(ThCh$)

Bank	**Type of currency**	**2017**	2016
Banco Santander	Chilean Peso	**2,216,161**	1,715,723
Banco Santander	U.S. dollar	**2,774,479**	5,406,876
Banco BBVA	Chilean peso	**17,534**	65,022
Total		**5,008,174**	7,187,621

Cash and cash equivalents have no availability restrictions.

The Company has made no investing or financing transactions that do not require the use of cash and cash equivalents.

Notes forming part of the Financial Statements

7. TRADE AND OTHER RECEIVABLES, CURRENT

(a) Trade receivables are detailed as follows:

(ThCh$)

	2017	2016
Trade receivables	**6,382,092**	5,774,848
Trade receivables due from related parties	**849,621**	772,278
Total	**7,231,713**	6,547,126

The fair value of trade receivables relates to the same business amounts net of the related allowance for doubtful accounts.

(b) Trade receivables past due, unpaid but not impaired are detailed as follows:

(ThCh$)

	2017	2016
Up to 30 days	**6,082,843**	5,821,729
31 to 60 days	**418,810**	118,832
61 to 180 days	**169,626**	155,093
Over 180 days	**560,434**	490,534
Impairment	-	(39,062)
Total	**7,231,713**	6,547,126

(c) Accrued, unbilled revenue is detailed as follows:

(ThCh$)

	2017	2016
Accrued, unbilled revenue receivable	**1,725,563**	1,819,317
Total	**1,725,563**	1,819,317

Fair value of accrued, unbilled revenue relates to the same business amounts net of the related allowance for doubtful accounts

(d) Movements in the allowance for doubtful accounts for trade receivables past due and unpaid, are detailed as follows:

(ThCh$)

	2017	2016
Balance as of January 1, 2017	**39,062**	189,055
(+) New impairment	**-**	-
(-) Write-offs	**(39,062)**	(149,993)
Closing balance as of December 31, 2017 and 2016	**-**	39,062

8. BALANCES AND TRANSACTIONS WITH RELATED ENTITIES

(a) Accounts receivable

(ThCh$)

Taxpayer ID No.	Company	Relationship	2017	2016	2017	2016
Foreign	Tata Consultancy Services Brasil S.A.	Common shareholders	**56,780**	45,557	**368,777**	399,734
77.879.360-1	TCS Inversiones Chile Ltda.	Parent	**402,108**	328,835	**1,137,554**	-
Foreign	TCS Solution Center S.A.	Common shareholders	**4,698**	20,041	**1,229,256**	1,332,445
Foreign	MGDC SC	Common shareholders	**-**	-	**-**	-
Foreign	Tata Consultancy Services de Mexico SA de CV	Common shareholders	**79,349**	174,314	**-**	7,195,203
Foreign	TCS Colombia S.A.	Common shareholders	**-**	136,045	**-**	-
Foreign	Tata Consultancy Services Sucursal del Perú	Branch	**475,842**	511,898	**1,229,256**	1,332,445
Foreign	TCS Iberoamerica S.A.	Common shareholders	**42,471**	46,038	**9,557,568**	12,285,143
Foreign	Tata America	Common shareholders	**13,138**	8,979	**-**	-
Foreign	TCS Uruguay S.A.	Common shareholders	**-**	-	**-**	-
Foreign	Technology Outsourcing S.A.C	Subsidiary	**12,321**	15,341	**-**	-
Foreign	Tata Consultancy Services Limited (India)	Ultimate Parent	**209,493**	-	**-**	-
Foreign	TATASolution Center S.A.	Subsidiary	**30,679**	-	**-**	-
Totals			**1,326,879**	1,287,048	**13,522,411**	22,544,970

(b) Accounts payable

(ThCh$)

Taxpayer ID No	Company	Relationship	2017	2016
Foreign	Tata Consultancy Services Limited	Ultimate Parent	**1,264,610**	782,134
77.879.360-1	TCS Inversiones Chile Ltda	Parent	**192,420**	-
Foreign	Tata Consultancy Services de México S.A. de CV	Common shareholders	**-**	5,159
Foreign	MGDC S.A.	Common shareholders	**-**	3,413
Foreign	Tata America	Common shareholders	**9,795**	3,984
Totals			**1,466,825**	794,690

Notes forming part of the Financial Statements

Transactions among the Company and its related parties correspond to customary operations in terms of their objective and conditions.

Balances receivable and payable are mainly expressed in U.S. dollars and for interest-bearing loans of an approximate annual average rate ranging from 4% to 6% not associated with a repayment schedule, the classification is based on the expected collection period of such accounts receivable.

Current receivables for 2017 mainly relate to trade receivables of ThCh$849,622 and other current financial assets of ThCh$477,257; whereas current receivables for 2016 mainly relate to trade receivables of ThCh$772,278, other financial assets, current of ThCh$514,770.

Non-current receivables relate to other financial assets, non-current of ThCh$13,522,411 and ThCh$22,544,970 for 2017 and 2016, respectively.

Intercompany payables mainly relate to trade payables of ThCh$1,466,825 and ThCh$794,690 for 2017 and 2016, respectively

(c) Significant transactions and their effect on profit or loss

				2017		2016	
Taxpayer ID No.	**Company**	**Relationship**	**Transation description**	**Amount**	**Credit/ (debit) to profit or loss**	Amount	Credit/ (debit) to profit or loss
Foreign	Tata Consultancy Services Limited	Ultimate Parent	Purchase of services	**1,069,700**	**(1,069,700)**	1,766,336	(1,766,336)
			Expense reimbursement	**406,843**	**(406,843)**	-	-
			Overhead services	**470,609**	**(470,609)**	281,335	(281,335)
77.879.360-1	TCS Inversiones Chile Ltda.	Parent	Purchase of services			-	-
			Loans granted	**1,144,744**	**-**	-	-
			Accrued interest	**17,095**	**17,095**	-	-
			Overhead services	**195,681**	**(195,681)**	-	-
			Expense reimbursement	**51,029**	**51,029**	-	-
			Dividends paid	**16,104,665**	**-**	-	-
Foreign	TCS Iberoamerica S.A.		Collection of interests	**-**	**-**	1,174,198	-
			Loans granted	**-**	**-**	-	-
			Collection of loans	**1,793,361**	**-**	-	-
			Accrued interest	**527,029**	**527,029**	551,335	551,335
			Dividends paid	**37**	**-**	-	-

Foreign	Tata Solution Center S.A. (Ecuador)	Subsidiary	Overhead services	**218,512**	**218,512**	428,586	428,586
			Dividends received	**3,209,135**	**3,209,135**	9,941,828	9,941,828
Foreign	TCS Sucursal del Perú	Subsidiary	Overhead services	**33,659**	**33,659**	81,433	81,433
			Loans granted	**-**	**-**	1,334,020	-
			Capitalization of loans	**-**	**-**	1,168,958	-
			Accrued interest	**77,734**	**77,734**	53,405	53,405
Foreign	TCS Mexico S.A.	Common shareholders	Purchase of services	**22,791**	**(22,791)**	92,048	(92,048)
			Recovery of expenses	**5,302**	**5,301**	84	(84)
			Services provided	**491,828**	**491,828**	297,664	297,664
			Overhead services	**461,969**	**461,969**	1,052,764	1,052,764
			Accrued interest	**21,245**	**21,245**	289,165	289,165
			Collection of interests	**-**	**-**	344,625	-
			Loans granted	**-**	**-**	6,774,200	-
			Collection of loans	**7,039,688**	**-**	2,129,156	-
Foreign	TCS Colombia S.A.	Common shareholders	Purchase of services	**891**	**(891)**	-	-
			Overhead services	**119,499**	**119,499**	222,543	222,543
			Expense reimbursement	**20,922**	**(20,922)**	-	-
Foreign	Tata Sons	Common shareholders	Use of brand	**108,379**	**(108,379)**	105,023	(105,023)
Foreign	TCS Brasil S.A.	Common shareholders	Accrued interest	**15,546**	**15,546**	16,309	16,309
			Accounts receivable	**-**	**-**	152,977	-

Notes forming part of the Financial Statements

Foreign	TCS Solution Center S.A.	Common shareholders	Accrued interest	**58,300**	**58,300**	61,161	61,161
			Overhead services	**35,828**	**35,828**	101,082	101,082
			Collection of interests	**-**	**-**	106,832	-
Foreign	MGDC SC	Common shareholders	Overhead services	**10**	**10**	4,600	4,600
			Recovery of expenses	**3,049**	**(3,049)**	3,414	(3,414)
Foreign	TCS Uruguay S.A.	Common shareholders	Overhead services	**46,591**	**46,591**	132,154	132,154
			Expense reimbursement	**4,136**	**(4,136)**	-	-
Foreign	Tata America S.A.	Common shareholders	IT Services	**118,288**	**118,288**	77,161	77,161
				1,529	**1,529**	3,960	(3,960)
Foreign	Technology Outsourcing S.A.	Subsidiary	Accrued interest	**101,586**	**101,586**	3,203	3,203
			Overhead services	**28,372**	**28,372**	30,517	30,517
			IT Services	**-**	**-**	167,168	167,168
			Payment of interest	**-**	**-**	3,771	-
			Payment of borrowings	**-**	**-**	67,037	-

9. INVENTORIES

(a) Inventories are detailed as follows:

(ThCh$)

	2017	2016
Goods, gross: Equipment, supplies, spare parts	**76,832**	556,605
Less: Allowance for obsolescence	**-**	(550,047)
Total	**76,832**	6,558

(b) Allowance for obsolescence

The Company's Management has estimated the obsolescence risk of its inventories in terms of their status and turnover

Movements in the allowance for obsolescence are detailed as follows:

(ThCh$)

	2017	2016
Opening balance	**550,047**	550,047
(+) New impairment	**-**	-
(-) Write-offs	**(550,047)**	-
Closing balance	**-**	550,047

(c) Inventories pledged as collateral

At each period-end, there were no inventories subject to guarantees, pledges or restrictions of any kind.

10. OTHER FINANCIAL ASSETS, CURRENT AND NON-CURRENT

(a) As of December 31, 2017 and 2016, other current financial assets are as follows

(ThCh$)

	2017	2016
Interest-bearing loans granted to related parties	**475,480**	513,846
Advances and loans for employees	**62,821**	19,610
Other financial assets	**3,632**	923
Total	**541,933**	534,379

(b) As of December 31, 2017 and 2016, other non-current financial assets are detailed as follows:

(ThCh$)

	2017	2016
Loans granted to related parties	**13,522,411**	22,544,970
Total	**13,522,411**	22,544,970

Loans granted to related parties have on-demand maturities and annual simple interest rate between 4% and 6%.

Notes forming part of the Financial Statements

(c) Reconciliation of changes in liabilities to cash flows from financing activities::

(ThCh$)

	Opening balance	Cash flow			Changes other than cash						Closing balance
	12-31-2016	Increases	Payments	Total	Interests	Adjust-ments	Amorti-zation	Conver-sion of bonds	Changes in fair value	Total	12-31-2017
Financial obligations	-	-	-	-	-	-	-	-	-	-	-
Bond debt	-	-	-	-	-	-	-	-	-	-	-
Total other financial liabilities	-	-	-	-	-	-	-	-	-	-	-
Equity instruments											
Dividends	-	-	(16,104,702)	(16,104,702)	-	-	-	-	-	-	(16,104,702)
Share capital / premium	-	-	-	-	-	-	-	-	-	-	-
Total equity instruments	-	-	-	(16,104,702)	-	-	-	-	-	-	(16,104,702)
Total changes in cash flows from financing activities	-	-	-	(16,104,702)	-	-	-	-	-	-	-

11. TAXES ASSETS

(a) As of December 31, 2017 and 2016, current tax assets are as follows:

(ThCh$)

	2017	2016
Monthly provisional income tax payments	**373,296**	463,685
Credits for training expenses	**431**	-
Withholding tax Mexico and Brazil	-	44,548
Loan for subsidiary in Peru	**96,939**	-
Total	**470,666**	508,233

(b) As of December 31, 2017 and 2016, non-current tax assets are as follows

(ThCh$)

	2017	2016
Credit for dividends in Ecuador	**-**	122,029
Remaining balance from prior year	**1,683,023**	1,635,660
Total	**1,683,023**	1,757,689

12. GOODWILL

Relates to goodwill acquired as a result of the acquisition of Comicrom S.A. in 2005.

(ThCh$)

Taxpayer ID No.	**Company**	**2017**	2016
86.345.600-2	Tata Consultancy Services BPO Chile S. A.	**17,720,950**	17,720,950

On November 7, 2005, Tata Consultancy Services BPO Chile S.A. (formerly, Tata Consultancy Services (TCS) Chile Ltda.) acquired from Opencrom S.A., 99.99% of ownership interest in

Comicrom S.A. The initial balance paid amounted to ThCh$12,099,597 (historical amount), generating an initial goodwill of ThCh$8,584,142 (historical amount) at such date.

The Company determined the fair value of assets and liabilities of the acquiree based on the purchase assessment process, requiring the involvement of external professional specialists, who issued a report on March 10, 2006. Such report determined that no significant differences existed between the initial assessment of the fair value of the acquiree's assets and liabilities and the amount reported by the external specialists.

The purchase and sale contract for the property of Comicrom S.A. included price adjustment provisions subject to the compliance with certain financial ratios until 2010, which are part of the final determination of the price paid and goodwill

As of December 31, 2017 and 2016, goodwill amounting to ThCh$17,720,950 has been allocated to the Tata Consultancy Services Chile S.A. cash-generating unit. The company makes an estimate of the value in use of the Tata Consultancy Services Chile S.A. cash-generating unit based on future cash flows using an annual growth rate of 3% after a forecast of five years considering a discount rate of 8.08%. A sensitivity analysis of changes in measurement parameters (operating margin, discount rate and average long-term growth rate) based on assumptions fairly probable has identified no probable scenario where recoverable amounts of the cash-generating unit may decrease to less than the carrying amount

Notes forming part of the Financial Statements

13. PROPERTY, PLANT AND EQUIPMENT, NET

(a) Detail

The detail by class of property, plant and equipment at each year-end, net and gross, is as follows:

(ThCh$)

Classes of property and equipment, net	2017	2016
IT Equipment	513,073	792,847
Office equipment	101,763	117,112
Assets under construction	35,197	-
Furniture and fixtures	31,402	45,216
Machinery	190,902	240,003
Electric installations	44,446	60,048
Improvements in leased properties	21,257	53,661
Total property, plant and equipment, net	**938,040**	1,308,887

(ThCh$)

Classes of property, plant and equipment, gross:	2017	2016
IT Equipment	6,171,521	6,330,046
Office equipment	770,228	750,474
Assets under construction	35,197	-
Furniture and fixtures	523,341	521,619
Machinery	2,099,366	2,101,932
Electric installations	167,534	167,534
Improvements in leased properties	827,984	827,984
Property, plant and equipment, net	**10,595,171**	10,699,589

(b) Detail

As of December 31, 2017 and 2016, accumulated depreciation by classes of property, plant and equipment is as follows:

(ThCh$)

Types of accumulated depreciation and impairment of property, plant and equipment	2017	2016
IT Equipment	(5,658,448)	(5,537,199)
Office equipment	(668,465)	(633,362)
Furniture and fixtures	(491,939)	(476,403)
Machinery	(1,908,464)	(1,861,929)
Electric installations	(123,088)	(107,486)
Improvements in leased properties	(806,727)	(774,323)
Total accumulated depreciation and impairment of property, plant and equipment	**(9,657,131)**	(9,390,702)

(c) Movements

Accounting movements in net property, plant and equipment for the years ended December 31, 2017 and 2016 are as follows

	IT Equipment	Office equipment	Assets under construction	Furniture & fixtures	Machinery	Electrical installations	Improvements in leased properties	Property, plant & equipment, net
Opening balance as of January 1, 2017 (net of accumulated depreciation)	**792,847**	**117,112**	**-**	**45,216**	**240,003**	**60,048**	**53,661**	**1,308,887**
Acquisitions	**56,840**	**7,655**	**35,197**	**1,722**	**-**	**-**	**-**	**101,414**
Sales and disposals	**-**	**-**	**-**	**-**	**(423)**	**-**	**-**	**(423)**
Depreciation expense	**(324,515)**	**(35,103)**	**-**	**(15,536)**	**(48,678)**	**(15,602)**	**(32,404)**	**(471,838)**
Other increases/ (decreases)	**(12,099)**	**12,099**	**-**	**-**	**-**	**-**	**-**	**-**
Net property, plant and equipment as of December 31, 2017	**513,073**	**101,763**	**35,197**	**31,402**	**190,902**	**44,446**	**21,257**	**938,040**
Total net property, plant and equipment as of December 31, 2017	**513,073**	**101,763**	**35,197**	**31,402**	**190,902**	**44,446**	**21,257**	**938,040**
	IT Equipment	Office equipment	Assets under construction	Furniture and fixtures	Machinery	Electrical installations	Improvements in leased properties	Property, plant & equipment,net
Opening balance as of January 1, 2016 (net of accumulated depreciation)	661,035	132,599	-	53,270	288,805	75,888	50,834	1,262,431
Acquisitions	407,344	21,590	-	7,106	-	-	5,850	441,890
Sales and disposals	-	-	-	-	-	-	-	-
Depreciation expense	(275,532)	(37,077)	-	(15,160)	(48,802)	(15,840)	(3,023)	(395,434)
Other increases/ (decreases)	-	-	-	-	-	-	-	-
Net property, plant and equipment as of December 31, 2016	792,847	117,112	-	45,216	240,003	60,048	53,661	1,308,887
Total net property, plant and equipment as of December 31, 2016	792,847	117,112	-	45,216	240,003	60,048	53,661	1,308,887

The total depreciation expense for 2017 and 2016 amounts to ThCh$471,838 and ThCh$395,434, respectively, and is classified within the caption Depreciation expense in the separate statements of comprehensive income per nature.

Notes forming part of the Financial Statements

Accounting movements in accumulated depreciation of net property, plant and equipment for the years ended December 31, 2017 and 2016 are as follows

	IT Equipment	**Office equipment**	**Furniture and fixtures**	**Machinery**	**Electrical installations**	**Improvements in leased properties**	**Property, plant and equipment,net**
Opening balance as of January 1, 2017 (net of accumulated depreciation)	**5,537,199**	**633,362**	**476,403**	**1,861,929**	**107,486**	**774,323**	**9,390,702**
Acquisitions	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sales and disposals	**(203,266)**	**-**	**-**	**(2,143)**	**-**	**-**	**(205,409)**
Depreciation expense	**324,515**	**35,103**	**15,536**	**48,678**	**15,602**	**32,404**	**471,838**
Other increases/(decreases)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net property, plant and equipment as of December 31, 2017	**5,658,448**	**668,465**	**491,939**	**1,908,464**	**123,088**	**806,727**	**9,657,131**
	IT Equipment	Office equipment	Furniture and fixtures	Machinery	Electrical installations	Improvements in leased properties	Property, plant and equipment,net
Opening balance as of January 1, 2016 (net of accumulated depreciation)	5,261,667	596,285	461,243	1,813,127	91,646	771,300	8,995,268
Acquisitions	-	-	-	-	-	-	-
Sales and disposals	-	-	-	-	-	-	-
Depreciation expense	275,532	37,077	15,160	48,802	15,840	3,023	395,434
Other increases/(decreases)	-	-	-	-	-	-	-
Net property, plant and equipment as of December 31, 2016	5,537,199	633,362	476,403	1,861,929	107,486	774,323	9,390,702

(d) Additional information

(i) Insurance policies

The Company has entered into insurance policies to cover the possible risks to which the different elements of property, plant and equipment may be exposed to, as well as possible claims that might be presented due to the exertion of its activity; these policies sufficiently cover the risks to which they are exposed to.

(ii) Depreciation cost

The depreciation of assets is calculated using the straight-line method during their economic useful life.

Such useful life has been determined based on the expected natural impairment, technical or business obsolescence from changes and/or improvements in production and changes in the market demands of products obtained from operations of such assets.

(iii) Operating leases

As of December 31, 2017 and 2016, the main lease contracts engaged by the Company are as follows:

2017					
Supplier	**Concept**	**Annual contract amount in UF**	**Beginning date**	**Completion date**	**Contract clauses**
Bello Monte S.A.	**Lease of corporate building Curico 18 - Santiago**	**23,640**	**05-14-2007**	**12-31-2018**	**Automatically re-newable for 5-year periods.**
Orinoco Inmobiliaria Ltda.	**Lease of Associate's property in Buin - Metropolitan Region**	**10,440**	**12-04-2007**	**03-30-2018**	**Automatically re-newable for 5-year periods.**
Mersan S.A.	**Warehouse lease, Av Lo Espejo # 01565 , L Espejo**	**3,657**	**06-08-2015**	**12-30-2017**	**Contract terminated**
2016					
Supplier	Concept	Annual contract amount in UF	Beginning date	Completion date	Contract clauses
Bello Monte S.A.	Lease of corporate building Curico 18 - Santiago	23,640	05-14-2007	12-31-2018	Automatically re-newable for 5-year periods.
Orinoco Inmobiliaria Ltda.	Lease of Associate's property in Buin - Metropolitan Region	10,440	12-04-2007	03-30-2018	Automatically re-newable for 5-year periods.
Mersan S.A.	Warehouse lease, Av Lo Espejo # 01565 , L Espejo	4,838	06-08-2015	06-07-2019	Automatically re-newable for 4-year periods.

Future commitments are as follows: (ThCh$)

	2017	2016
Lease of property		
Up to one year	**913,281**	1,042,930
Between one and five years	**-**	1,107,755

Notes forming part of the Financial Statements

14. INTANGIBLE ASSETS

(a) Detail of gross amount

(ThCh$)

	2017	2016
Opening balance of intangible assets, gross	66,511	66,511
Acquisitions	-	-
Intangible assets, gross	**66,511**	66,511

(b) Accumulated amortization of intangible assets

As of December 31, 2017 and 2016, the accumulated amortization of intangible assets is as follows:

(ThCh$)

	2017	2016
Opening balance of accumulated amortization of intangible assets	(41,305)	(17,616)
Amortization	(17,615)	(23,689)
Total amortization of intangible assets	**(58,920)**	(41,305)

(c) Reconciliation

Accounting movements in net intangible assets for the years ended December 31, 2017 and 2016 are as follows:

(ThCh$)

	Intangible assets	
	2017	2016
Opening balance of intangible assets (net of accumulated amortization)	25,206	48,895
Acquisitions	-	-
Sales and disposals	-	-
Amortization expense	(17,614)	(23,689)
Other increases (decreases)	-	-
Total movements	(17,614)	(23,689)
Closing balance of intangible assets (net of accumulated amortization)	**7,592**	25,206

15. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

As of December 31, 2017 and 2016, the detail of financial instruments by nature and category is as follows:

(ThCh$)

2017				
Financial assets	**Financial assets at fair value through profit or loss**	**Loans and receivables**	**Derivatives designated as hedging instruments at fair value**	**Total**
Trade receivables	**-**	**7,231,713**	**-**	**7,231,713**
Other financial assets	**-**	**14,064,344**	**-**	**14,064,344**
Financial liabilities	**Financial liabilities at fair value through profit or loss**	**Financial liabilities measured at amortized cost**	**Derivatives designated as hedging instruments at fair value**	**Total**
Trade payables	**-**	**3,634,092**	**-**	**3,634,092**
Other current financial liabilities	**-**	**258,003**	**-**	**258,003**

2016				
Financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Derivatives designated as hedging instruments at fair value	Total
Trade receivables	-	6,547,126	-	6,547,126
Other financial assets	-	23,079,349	-	23,079,349
Financial liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Derivatives designated as hedging instruments at fair value	Total
Trade payables	-	2,298,493	-	2,298,493
Other current financial liabilities	-	598,348	-	598,348

Cash balances related to cash on hand and in banks amounting to ThCh$5,024,149 as of December 31, 2017 (ThCh$7,189,416 in 2016) have not been considered in this classification.

(b) Financial assets and liabilities at fair value

Fair value is defined as the price that would be reached by a financial instrument, at a given time, for exchange between knowledgeable and willing parties in an arm's length transaction. For financial instruments with no market prices available, fair values have been calculated using current values and other valuation techniques. Such techniques are significantly affected by the assumptions adopted, including discount rates and prepayment assumptions. In this respect, the fair value estimates of certain financial assets and liabilities may not be justified compared to independent markets and, in several cases, may not be performed in the immediate allocation.

Notes forming part of the Financial Statements

In addition, fair value estimates presented below are not intended to estimate gains generated by the Company's business or future business activities and; accordingly do not represent the Company's value as a going concern.

Fair value estimate methods for financial instruments are detailed as follows:

(i) Cash and cash equivalents

The carrying amount of cash and cash equivalents is approximated at its estimated fair value given its nature related to short-term, liquidity and unrestricted immediate availability.

(ii) Trade receivables and other receivables and trade receivables due from related parties

The fair value of trade and other receivables and receivables due from related parties is calculated as cash flows which will be recovered by the Company at the date of collection, less the related impairment estimate of the asset

Fair value of financial instruments is as follows:

(ThCh$)

	As of December 31, 2017		
Assets	**Carrying amount**	**Estimated fair value**	**Unrecognized gain (loss)**
Current:			
Cash and cash equivalents	**5,024,149**	**5,024,149**	**-**
Trade and other receivables, current	**7,231,713**	**7,231,713**	**-**
Unbilled accrued revenue	**1,725,563**	**1,725,563**	**-**
Other current financial assets	**541,933**	**541,933**	**-**
Non-current:			
Other non-current financial assets	**13,522,411**	**13,522,411**	**-**
Current liabilities			
Trade and other payables	**3,634,092**	**3,634,092**	**-**
Other current financial liabilities	**258,003**	**258,003**	**-**
Unaccrued, billed services	**193,304**	**193,304**	**-**
	As of December 31, 2016		
Assets	Carrying amount	Estimated fair value	Unrecognized gain (loss)
Cash and cash equivalents	7,189,416	7,189,416	-
Trade and other receivables, current	6,547,126	6,547,126	-
Unbilled accrued revenue	1,819,317	1,819,317	-
Other current financial assets	534,379	534,379	-

Non-current:			
Other non-current financial assets	22,544,970	22,544,970	-
Current liabilities			
Trade and other payables	2,298,493	2,298,493	-
Other current financial liabilities	598,348	598,348	-
Unaccrued, billed services	148,417	148,417	-

16. INCOME TAX AND DEFERRED TAXES

(a) Income tax recognized in profit or loss for the year

(ThCh$)

Income tax benefit (expense)	**2017**	2016
Adjustments to prior period current tax	**677,798**	101,298
Other current tax income/(expenses)	**(232,743)**	142,414
Current tax expense	**445,055**	243,712
Deferred tax income/expense related to the generation and reversal of temporary differences for current tax		
Deferred tax income/(expense)	**(662,979)**	9,226
Total	**(217,924)**	252,938

(b) Reconciliation of accounting profit or loss to taxable profit or loss

(ThCh$)

Reconciliation of tax expense using the legal rate to tax expense using the effective rate:	**2017**	2016
Profit before taxes	**3,465,697**	9,473,848
Effective tax rate	**25.5%**	24.0%
Tax expense using the legal rate	**(883,753)**	(2,273,724)
Income with tax credit from foreign source	**1,002,079**	2,386,038
Adjustment of prior year tax determination	**677,798**	101,298
Other	**(1,014,048)**	39,326
Tax income using the effective rate	**(217,924)**	252,938

On September 29, 2014, Law No. 20.780 was enacted in Chile, establishing a permanent change in the corporate income tax rate of 21% starting from 2014, up to a 27% starting from 2018.

Notes forming part of the Financial Statements

On January 27, 2016, the Act that simplifies the tax reform was passed, which is intended to simplify the income tax system in force from 2017; make adjustments to the value-added tax; as well as to the anti-circumvention rules. Concerning tax system, the proposed amendment considers that Shareholders' corporations (openly and closely held), as in the case of the Company should always be taxed according to the partially-integrated system. Later, this system will be the general taxation regime for companies beginning from commercial year 2017

(c) Deferred taxes

As of December 31, 2017 and 2016, the detail of accumulated balances of deferred tax assets and liabilities is as follows

(ThCh$)

Recognized deferred tax assets related to:	**2017**	2016
Allowance for doubtful accounts	**-**	9,375
Allowance for obsolescence of inventories	**-**	148,513
Accrued vacations	**308,334**	255,147
Inventories	**10,174**	780,083
Other	**370,666**	182,772
Total deferred taxes	**689,174**	1,375,890
Recognized deferred tax liabilities related to		
Property, plant and equipment	**(131,051)**	(154,788)
Net amount	**558,123**	1,221,102

(d) Movements in deferred taxes

As of December 31, 2017 and 2016, the detail of movements in deferred tax assets and liabilities is as follows:

Movements	**Opening balance as of January 1, 2017**	**Effects recognized in profit or loss**	**Effects recognized in equity**	**Other adjustments**	**Balance as of December 31, 2017**
Recognized deferred tax assets related to:					
Goodwill from inventories	**780,083**	**(769,909)**	**-**	**-**	**10,174**
Accrued vacations	**255,147**	**53,187**	**-**	**-**	**308,334**
Allowance for obsolescence	**148,513**	**(148,513)**	**-**	**-**	**-**
Miscellaneous provisions	**-**	**-**	**-**	**-**	**-**
Allowance for doubtful accounts	**9,375**	**(9,375)**	**-**	**-**	**-**
Other	**182,772**	**187,894**	**-**	**-**	**370,666**
Total deferred tax assets	**1,375,890**	**(686,716)**	**-**	**-**	**689,174**

Recognized deferred tax liabilities related to:					
Property, plant and equipment	**(154,788)**	**23,737**	**-**	**-**	**(131,051)**
Net balance as of December 31, 2017	**1,221,102**	**(662,979)**	**-**	**-**	**558,123**
Movements	Opening balance as of January 1, 2016	Effects recognized in profit or loss	Effects recognized in equity	Other adjustments	Balance as of December 31, 2016
Recognized deferred tax assets related to:					
Goodwill from inventories	757,594	22,489	-	-	780,083
Accrued vacations	275,306	(20,159)	-	-	255,147
Allowance for obsolescence	148,513	-	-	-	148,513
Miscellaneous provisions	59,753	(59,753)	-	-	-
Allowance for doubtful accounts	45,373	(35,998)	-	-	9,375
Other	84,168	98,604	-	-	182,772
Total deferred tax assets	1,370,707	5,183	-	-	1,375,890
Recognized deferred tax liabilities related to:					
Property, plant and equipment	(158,831)	4,043	-	-	(154,788)
Net balance as of December 31, 2017	1,211,876	9,226	-	-	1,221,102

17. OTHER NON-FINANCIAL ASSETS, NON-CURRENT

As of December 31, 2017 and 2016, other non-current assets are detailed as follows:

(ThCh$)

	2017	2016
Real estate property lease guarantee	**10,213**	13,431
Total	**10,213**	13,431

Notes forming part of the Financial Statements

18. OTHER NON-FINANCIAL ASSETS, CURRENT

As of December 31, 2017 and 2016, other non-current assets are detailed as follows:

(ThCh$)

	2017	2016
Prepayments	**269,200**	61,416
Other	**8,977**	6,656
Total	**278,177**	68,072

19. INVESTMENTS IN SUBSIDIARY

This caption includes investments in subsidiaries held by the Company at cost. The detail is as follows: (ThCh$)

Taxpayer ID No.	Company's name	Country	2017 Ownership interest %	2016 Ownership interest %	2017 Carrying amount	2016 Carrying amount
Foreign	**TataSolution Center S.A.**	**Ecuador**	**99.00**	99.00	**5,535,701**	5,535,701
Foreign	**Tata Consultancy Services Sucursal del Peru (1)**	**Peru**	**100.00**	100.00	**3,762,147**	3,762,147
Foreign	**Technology Outsourcing S.A.C (2)**	**Peru**	**99.9999**	99.9999	**1,147,621**	1,147,621
	Total				**10,445,469**	10,445,469

Movements in investments in subsidiaries held by the Company at cost are as follows: (ThCh$)

2017						
Taxpayer ID No.	**Company's name**	**Country**	**Carrying amount of the investment as of January 1, 2017**	**Acquisitions**	**Disposals**	**Carrying amount of the investment as of December 31, 2017**
Foreign	**TataSolution Center S.A.**	**Ecuador**	**5,535,701**	**-**	**-**	**5,535,701**
Foreign	**Tata Consultancy Services Sucursal del Peru (1)**	**Peru**	**3,762,147**	**-**	**-**	**3,762,147**
Foreign	**Technology Outsourcing S.A.C (2)**	**Peru**	**1,147,621**	**-**	**-**	**1,147,621**
	Total		**10,445,469**			**10,445,469**

Notes forming part of the Financial Statements

2016						
Taxpayer ID No.	Company's name	Country	Carrying amount of the investment as of January 1, 2017	Acquisitions	Disposals	Carrying amount of the investment as of December 31, 2017
Foreign	TataSolution Center S.A.	Ecuador	5,535,701	-	-	5,535,701
Foreign	Tata Consultancy Services Sucursal del Peru (1)	Peru	2,593,189	1,168,958	-	3,762,147
Foreign	Technology Outsourcing S.A.C (2)	Peru	1,147,621	-	-	1,147,621
	Total		9,276,511	1,168,958		10,445,469

As of December 31, 2017 and 2016, the financial information contained in the financial statements of the companies which the Company controls is detailed as follows:

(ThCh$)

			As of December 31, 2017			
Taxpayer ID No.	**Company's name**	**Country**	**Assets**	**Liabilities**	**Equity**	**Profit or loss**
Foreign	**TataSolution Center S.A.**	**Ecuador**	**21,835,920**	**16,981,854**	**4,854,066**	**(202,868)**
Foreign	**Tata Consultancy Services Sucursal del Peru**	**Peru**	**6,498,522**	**5,480,528**	**1,017,995**	**326,118**
Foreign	**Technology Outsourcing S.A.C**	**Peru**	**1,677,909**	**1,292,859**	**385,050**	**4,173**

			As of December 31, 2016			
Taxpayer ID No.	Company's name	Country	Assets	Liabilities	Equity	Profit or loss
Foreign	TataSolution Center S.A.	Ecuador	32,949,305	23,915,477	9,033,828	(980,774)
Foreign	Tata Consultancy Services Sucursal del Peru	Peru	5,289,185	5,315,009	(25,823)	(1,681,062)
Foreign	Technology Outsourcing S.A.C	Peru	1,508,623	1,167,484	341,139	(473,653)

(1) On April 24, 2016, an increase of US$5,436,963.62 in the allocated capital of Tata Consultancy Services Sucursal del Perú was approved. Such increase was paid by capitalizing the liabilities maintained with Tata Consultancy Services Chile S.A., which amounted to US$1,752,963.62 (ThCh$1,168,958).

On November 22, 2015, an increase of US$3,684,000 in the allocated capital of Tata Consultancy Services Sucursal del Perú was approved. Such increase was paid by capitalizing the liabilities maintained with Tata Consultancy Services Chile S.A., which amounted to US$ 3,547,036.38 (ThCh$2,525,348).

Notes forming part of the Financial Statements

(2) On October 30, 2015, the Company acquired 399 shares of Technology Outsourcing S.A.C, equivalent to S/399 (ThCh$84).

On September 22, 2015, Banco Financiero de Perú approved a simple reorganization process for the company, which segregates and transfers in benefit of Technology Outsourcing SAC., assets and liabilities (equity associated with technology and bank transaction areas), receiving in exchange 5,462,122 shares of Technology Outsourcing SAC., at SOL$1 per share.

On November 1, 2015, Tata Consultancy Services Chile S.A. acquires from Banco Financiero del Perú 5,462,122 shares of Technology Outsourcing SAC., at S/5,462,122 (ThCh$1,147,537). The price payment matured on September 30, 2016, which was already paid.

TP Consulting, which is a financial advisory firm, conducted a market value analysis of the items transferred by Banco Financiero del Perú in the context of the restructuration above, and which transaction amount was consistent with such analysis

20. TRADE AND OTHER PAYABLES

As of December 31, 2017 and 2016, trade and other payables are detailed as follows:

(ThCh$)

	Current	
	2017	2016
Trade payables	**1,838,217**	1,376,538
Trade payables due to related parties	**1,466,825**	794,690
Other payables	**329,050**	127,265
Total	**3,634,092**	2,298,493

21. OTHER CURRENT FINANCIAL LIABILITIES, CURRENT

As of December 31, 2017 and 2016, other current financial liabilities are detailed as follows:

(ThCh$)

	Current	
	2017	2016
Trade discounts	**2,073**	1,102
Other employee benefits	**255,930**	597,246
Total	**258,003**	598,348

22. EMPLOYEE BENEFITS

(a) Current Provision for employee benefits

As of December 31, 2017 and 2016, other current financial liabilities are detailed as follows:

(ThCh$)

	2017	2016
Accrued vacations	**1,209,151**	1,063,113
Other	**9,955**	-
Total	**1,219,106**	1,063,113

23. UNACCRUED BILLED SERVICES

As of December 31, 2017 and 2016, other non-financial liabilities, current are detailed as follows:

(ThCh$)

	2017	2016
Unearned revenue	**193,304**	148,417
Total	**193,304**	148,417

24. OTHER NON-FINANCIAL LIABILITIES, CURRENT

As of December 31, 2017 and 2016, other non-financial liabilities, current are detailed as follows:

(ThCh$)

	Current	
	2017	2016
Withholdings	**546,761**	444,883
Value-added tax fiscal credit, net	**455,648**	348,761
Other payables	**28,396**	52,317
Total	**1,030,805**	845,961

25. EQUITY

(a) Subscribed, fully-paid capital and number of shares

As of December 31, 2017 and 2016, other current financial liabilities are detailed as follows:

Number of shares			
Series	**No. of subscribed shares**	**No. of fully-paid shares**	**No. of voting-right shares**
Single	431,926	431,926	431,926
Capital			
Series		**Subscribed capital (ThCh$)**	**Paid-in capital (ThCh$)**
Single		16,997,134	16,997,134

(b) Dividends paid

Dividends amounting to ThCh$16,104,702 relate to dividends paid with a debit to accumulated profit or loss as of December 31, 2016. No dividends with a debit to profit or loss for 2017 have been distributed

Notes forming part of the Financial Statements

26. REVENUE

As of December 31, 2017 and 2016, revenue is detailed as follows:

(ThCh$)

	Accumulated	
	2017	2016
IT Services	**11,381,873**	13,094,398
BPO Services	**21,640,534**	17,776,888
Total	**33,022,407**	30,871,286

27. INTEREST INCOME AND OTHER INCOME

(a) Current Provision for employee benefits

As of December 31, 2017 and 2016, other current financial liabilities are detailed as follows:

(ThCh$)

	2017	2016
Interests from loans granted to related parties and others	**853,656**	974,555
Total	**853,656**	974,555

28. OTHER OPERATING EXPENSES

As of December 31, 2017 and 2016, other operating expenses are as follows:

(ThCh$)

	2017	2016
Leases	**1,165,571**	938,592
Data transmission circuits (communications)	**1,133,011**	1,010,434
Equipment, software and licenses	**15,187**	29,649
Facilities expenses	**759,553**	685,754
Subcontractors' expenses	**3,440,645**	1,381,425
Travel expenses	**582,331**	755,732
Notary and township expense	**236,596**	205,531
Advisory services expense	**371,201**	677,184
Other expenses	**3,929,441**	2,017,178
Total	**11,633,536**	7,701,479

29. DIVIDENDS RECEIVED FROM SUBSIDIARIES

As of December 31, 2017 and 2016, dividends received from the subsidiary Tata Solution Center S.A. (Ecuador) are detailed as follows:

(ThCh$)

	2017	2016
Dividends received	**3,209,134**	9,941,828
Total	**3,209,134**	9,941,828

30. OTHER NON-OPERATING INCOME, NET

(ThCh$)

	Accumulated	
	2017	2016
Other non-operating income	**7,224**	6,666
Total	**7,224**	6,666

31. FOREIGN CURRENCY TRANSLATION DIFFERENCE

(ThCh$)

	2017	2016
Accounts with related companies	**(1,367,158)**	(1,215,318)
Other foreign currency translation differences	**210,853**	12,983
Total	**(1,156,305)**	(1,202,335)

Notes forming part of the Financial Statements

32. COLLATERAL COMMITTED WITH THIRD PARTIES

As of December 31, 2017, collaterals and commitments relate to performance bonds issued by Banco Bilbao Vizcaya Argentaria (BBVA) and Santander, which are detailed as follows:

(ThCh$)

Client	Currency	2018	2019	2020	2021	Total
Administradora de Fondos de Pensiones Provida S.A.	UF	-	-	9,648	-	9,648
Agencia Calidad de la Educación	Ch$	11,955,620	502,876,633	461,949,844	-	976,782,097
Agencia de Calidad de la Educación	Ch$	24,939,075	-	-	-	24,939,075
	UF	2,725,927	-	-	-	2,725,927
Banco Bilbao Vizcaya Argentaria, Chile	UF	2,935	-	-	-	2,935
Banco de Chile	UF	1,836	-	-	-	1,836
Banco del Estado de Chile	UF	23,135	724	1,484	2,110	27,453
Banco Santander Chile	UF	15,390	-	-	-	15,390
Caja de compensación de asig-nación familiar los Héroes	UF	100	-	-	-	100
Cencosud Retail	Ch$	60,046,302	-	-	-	60,046,302
Dirección de compras y contratación pública	Ch$	-	-	-	250,000	250,000
Santander Consumer Chile S.A.	UF	2,003	-	-	-	2,003
Santander Corredora de Seguros Limitada	UF	1,300	-	-	-	1,300
Santander Factoring S.A.	UF	1,300	-	-	-	1,300
Scotiabank Sudamericano	UF	2,000	-	-	-	2,000
Undersecretariat of Transportation	Ch$	87,578,490	103,434,421	-	-	191,012,911
Telefónica Chile S.A.	UF	-	114	-	-	114
Transbank S.A.	UF	8,000	-	900	-	8,900
Walmart Chile S.A.	Ch$	-	37,700,000	-	-	37,700,000

33. LAWSUITS AND CONTINGENCIES

As of December 31, 2017, the Company is not aware of any contingency or commitment that could affect the interpretation and the accompanying separate financial statements.

34. SUBSEQUENT EVENTS

Between January 1, 2018, and the date of issuance of these separate financial statements, no subsequent events have occurred that may significantly affect the presentation of the separate financial statements

TATASOLUTION CENTER S.A

FINANCIAL STATEMENTS

For the year ended
December 31, 2017

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

CONTENT	PAGE

INDEPENDENT AUDITORS' REPORT

FREE ENGLISH LANGUAGE TRANSALATION OF SPANISH LANGUAGE ORIGINAL AUDITORS' REPORT

TO THE SHAREHOLDERS OF

TATASOLUTION CENTER S.A

Opinion

We have audited the accompanying financial statements of Tatasolution Center S. A. (the 'Company'), which comprise the statement of financial position as at December 31, 2017, and the statements of profit or loss and other comprehensive income, changes in 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Tatasolution Center S. A. as at December 31, 2017, and of its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis on Matter

Without qualifying our opinion, we draw attention to:

- Note 23 of the financial statements, stating that comparative information presented at and for the year ended December 31, 2016 has been restated.
- Note 1 of the financial statements, which explains that the Company concentrates 94% of its revenue in a single client, with whom it has a service contract (see note 21). Subsequently, credit risk is affected by the individual characteristics of this client.

Other matter regarding comparative information

The financial statements of the Company at and for the year ended December 31, 2016, excluding reclassifications due to presentation described in note 23 to the financial statements, were audited by another auditor, who expressed an unqualified opinion on the said financial statements on April 24, 2017.

Responsibilities of management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with IFRS 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.

For KPMG

Quito, Ecuador

April 20, 2018

Statement of Financial Position as at December 31, 2017 with corresponding figures at December 31, 2016

(In thousands of USD)

	Note	2017	2016 (Restated)
ASSETS:			
Current assets:			
Cash and cash equivalents	4	**23,200**	28,888
Trade receivables	5	**3,885**	5,314
Unbilled revenues	6	**1,399**	7,918
Other current financial assets	7(a)	**18**	8
Other current assets	8(a)	**2,847**	2,792
Total current assets		**31,349**	44,920
Non-current assets:			
Other non-current financial assets	7(b)	**72**	98
Advance income taxes (net)	12	**3,179**	971
Deferred tax assets	12	**128**	1,150
Property, plant and equipment	9	**690**	1,101
Other non-current assets	8(b)	**102**	977
Total non-current assets		**4,171**	4,297
Total Asests		**35,520**	49,217
Liabilities and equity:			
Liabilities:			
Current liabilities:			
Trade and other payables	10	**11,485**	20,989
Other current financial liabilities	14	**1,207**	1,208
Unearned and deferred revenue	18	**3,092**	2,924
Employee benefit obligations	15(a)	**95**	-
Provisions		**18**	39
Other current liabilities	11	**6,639**	6,116
Total current liabilities		**22,536**	31,276
Non-current liabilities			
Employee benefit obligations	15(b)	**5,088**	4,447
Total Liabilities		**27,624**	35,723
Equity:	17		
Share Capital		**3,001**	3,001
Legal Reserves		**1,506**	1,506
Retained Earnings		**3,389**	8,987
Total equity		**7,896**	13,494
Total Liabilities and equity		**35,520**	49,217

Gonzalo Pozo
General Manager

Jhonatan Fonseca
General Accountant

See notes to accompanying financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2017 with corresponding figures of 2016

(In thousands of USD)

	Note	2017	2016 (Restated)
Revenues	18		
Consultancy services		**72,460**	91,360
Sale of equipment and software licences		**13,431**	15,723
Total revenues		**85,891**	107,083
Operating expenses:	19		
Employee benefits expenses		**(53,860)**	(60,645)
Depreciation and amortization expense		**(439)**	(1,212)
Other operating expenses		**(30,772)**	(45,753)
Total operating expenses		**(85,071)**	(107,610)
Operating income		**820**	(527)
Other income / (expense):			
Finance and other income		**152**	265
Other gains (losses), net		**192**	13
Other income, net		**344**	278
Income before income tax	12	**1,164**	(249)
Current tax expense (benefit)		**(473)**	(1,901)
Deferred tax expense (benefit)		**(1,021)**	685
Net and total comprehensive income		**(330)**	(1,465)
Other Comprehensive Income:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial losses (gains)	15	**(268)**	(250)
Total comprehensive income		**(598)**	(1,715)

Gonzalo Pozo
General Manager

Jhonatan Fonseca
General Accountant

See notes to accompanying financial statements

Statement of Changes in Equity for the year ended December 31, 2017 with corresponding figures of 2016

(In thousands of USD)

	Note	Share capital	Legal reserve	Retained earnings	Adoption of IFRS	Total Retained Earnings	Total equity
Balance as of December 31, 2015		3,001	1,506	25,842	(140)	25,702	30,209
Net Income		-	-	(1,465)	-	(1,465)	(1,465)
Other comprehensive income		-	-	(250)	-	(250)	(250)
Dividends	17.4	-	-	(15,000)	-	(15,000)	(15,000)
Balance as of Dec 31, 2016		**3,001**	**1,506**	**9,127**	**(140)**	**8,987**	**13,494**
Net Income		**-**	**-**	**(330)**	-	**(330)**	**(330)**
Other comprehensive income		**-**	**-**	**(268)**	-	**(268)**	**(268)**
Dividend	**17.4**			**(5,000)**	-	**(5,000)**	**(5,000)**
Balance as of December 31, 2017		**3,001**	**1,506**	**3,529**	**(140)**	**3,389**	**7,896**

Gonzalo Pozo
General Manager

Jhonatan Fonseca
General Accountant

See notes to accompanying financial statements

Statement of Cash Flows for the year ended December 31, 2017 with corresponding figures of 2016

(In thousands of USD)

	Note	2017	2016 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income		**(330)**	(1,465)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	9 and 19	**438**	1,212
Deferred tax expense	12	**1,021**	(685)
Equity in net earnings of affiliates		**(268)**	(250)
Provision		**(22)**	(68)
Allowances for doubtful trade receivables and bad debts written off	5	**24**	-
Net change in:			
Trade receivables		**1,406**	1,384
Unbilled revenues		**6,519**	10,309
Other financial assets (current and non-current)		**16**	(13)
Other assets (current and non-current)		**(54)**	1,070
Other non-current assets		**877**	(977)
Trade and other payables		**(9,504)**	15,624
Other financial liabilities (current)		**(1)**	(3,869)
Unearned and deferred revenues		**168**	(2,206)
Employee benefit obligations		**95**	-
Other liabilities current		**523**	(697)
Other non current liabilities		**641**	803
Income tax payable		**(2,208)**	(2,479)
Net cash (used in) provided by operating activities		**(659)**	17,693
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment		**(29)**	(632)
			-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		**(5,000)**	(15,000)
Net change in cash		**(5,688)**	2,061
Cash and cash equivalents, beginning of the year		**28,888**	26,828
Cash and cash equivalents, end of the year		**23,200**	28,889

Gonzalo Pozo
General Manager

Jhonatan Fonseca
General Accountant

See notes to accompanying financial statements

Notes forming part of the Financial Statements

1. GENERAL INFORMATION

Tatasolution Center S.A., a subsidiary of Tata Consultancy Services Chile S.A., was incorporated in Ecuador on December 28, 2006 and began operations on June 1, 2007. The Company's principal activity is the provision of IT services, software development and management services and Business Processing Operations (BPO), principally to financial sector institutions.

The principal client of Tatasolution Center S.A. is Banco Pichincha C.A., representing approximately 94% of its total revenues. Among the most significant services provided to the bank are software development services and maintenance and business processing operations (BPO).

At December 31, 2017 (and 2016), the Company employed a total of 1,933 and 2,240 employees, respectively.

Information included in these financial statements is the responsibility of Company´s management.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

2.2 Functional currency

The functional currency of the Company is the United States of America dollar (U.S. dollar), the legal tender in circulation in Ecuador.

2.3 Basis of preparation

The financial statements have been prepared on a historical cost basis. The historical cost is generally based on the fair value of the consideration given or received on the date of the exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use of IAS 36.

In addition, for financial reporting purposes, the 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 fair value measurement in its entirety, which are described below:

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 other than the quoted prices included within Level 1 that are observable for the asset or liability, whether directly or indirectly, and Level 3: inputs are unobservable inputs for the asset or liability.

Amounts included in the notes to the financial statements are expressed in thousands of U.S. dollars unless otherwise stated.

The principal accounting policies adopted in preparing the financial statements are set out below.

2.4 Cash and cash equivalents

Cash and cash equivalents include all liquid financial assets, deposits or in financial institutions that may be easily converted into cash Sin a period of less than three months.

2.5 Property, plant and Equipment

2.5.1 Measurement at recognition – Installations and equipment items are initially measured at cost. The cost of an item of installations and equipment comprises the purchase price plus any cost directly attributable to the location of the asset and the conditions necessary for it to operate according to Management.

2.5.2 Measurement after recognition: cost model – After initial recognition, installations and equipment are recorded at cost less accumulated depreciation and the accumulated amount of impairment losses.

Reparation and maintenance expenses are attributable to profit and loss for the period in which such are incurred. It should be noted that several of the Company's items of installations and equipment require periodic reviews.

2.5.3 Depreciation method and useful lives – The cost of installations and equipment is depreciated using the straight line method. The estimated useful life, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in the estimate accounted for on a prospective basis.

The principal installations and equipment items and useful lives used for the depreciation calculation are as follows:

Item	Useful life (in years)
Installations	4
Computer equipment	4
Equipment	5 – 10
Furniture and fittings	5

2.5.4 Withdrawal or sale of installations and equipment – Any gain or loss arising on the disposal or retirement of an item of installation and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.6 Intangible assets

2.6.1 Intangible assets acquired separately - Are reported at cost less accumulated amortization and accumulated impairment losses.

2.6.2 Amortization method and useful lives - Amortization of intangible assets is charged to profit and loss on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The useful life of an intangible asset is finite or indefinite. The useful life of an intangible asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights, but may be shorter depending on the period over which the entity expects to use the asset. The residual value of all the Company's intangible assets is equal to zero.

The estimated useful life of costs related to development of the Business Process Management - BPM, Portal Middleware project is amortized using the straight-line method up to April 2016.

2.7 Impairment of tangible and intangible assets

At the end of each period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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.

The 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.

Notes forming part of the Financial Statements

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 cashgenerating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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 recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss for the period.

2.8 Taxes

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

2.8.1 Current tax - The tax currently payable is based on taxable profit for the year. Taxable profit differs from reported profit 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 enacted at the end of the reporting period.

2.8.2 Deferred taxes- Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that the Company will have taxable profits 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Company offsets deferred tax assets against deferred tax liabilities when, and only when, there is a legally enforceable right to set off from the taxation authority amounts recognized in these items, and when they relate to income taxes levied and the Company intends to settle its current tax assets and liabilities on a net basis.

2.8.3 Current and deferred taxes- Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to a transaction or event that is recognized outside profit or loss, whether in profit and loss or directly in equity, in which case the tax is also recognized outside profit or loss, or where they arise from the initial accounting for a business combination.

2.9 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required by the Company to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the end of each period, taking the risks and uncertainties into account. 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 would be material).

2.10 Employee benefits

2.10.1 Defined benefits: Retirement and severance - For defined benefits (retirement and severance), the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

The service cost is recognized in profit and loss for the year in which such is generated, as well as the financing interest generated on the defined benefit obligation.

The new measurements, which include actuarial gains and losses, are recognized in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur.

Recognition of actuarial gains and losses in other comprehensive income is recognized immediately in accumulated earnings and is not reclassified to profit or loss for the period.

2.10.2 Employee profit-sharing - The Company recognizes a liability and an expense for employee profit-sharing in Company income. This benefit is calculated based on 15% of pre-tax income in accordance with current legislation.

2.10.3 Executive bonuses - The Company recognizes an expense for bonuses paid to its principal executives and commercial area personnel. Bonus calculations are paid based on goals and compliance with key performance indicators.

2.11 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.11.1 The Company as lessor - Revenue from rentals under operating leases is recognized using the straight-line method over the lease term. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

2.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account the amount of any returns, rebates and other similar commercial allowances that the Company may grant.

2.12.1 Sale of technological infrastructure - Ordinary revenues from the sale of technological infrastructure are recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the technological infrastructure; the amount of ordinary revenue can be measured reliably, and when the costs incurred or to be incurred in respect of the transaction can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

2.12.2 Provision of services - The Company earns revenues principally from the provision of services related to information technology covering the development, implementation and maintenance of software or applications, technology infrastructure services and databases, computer security, on-site support and consulting services as well as call center services and business processes. The Company recognizes revenue as follows:

Revenues from contracts for the provision of services, whose billing unit comprises transactions or hours, are recognized on the basis of a previously agreed unit price and the number of transactions executed and accepted by the client on a monthly basis.

Revenues from service contracts for software or other development, with established time frames and fixed fees, are recognized over the life of the contract based on the estimated project progress on a monthly basis.

Revenues from fixed-price software maintenance services are recognized monthly in proportion to the contract period.

2.12.3 Interest income - Interest income is recorded on a time basis with respect to outstanding capital and the applicable effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when applicable, in a shorter period, to the net carrying amount of the financial asset or liability on the initial recognition.

2.13 Costs and expenses

Costs and expenses are recorded at historical cost. Costs and expenses are recognized as incurred, regardless of the date on which payment was made, and are recorded in the period closest in which such were known.

2.14 Offsetting balances and transactions

As a general rule neither assets and liabilities nor income and expenses are offset in the financial statements, except in those cases in which compensation is required or permitted under a standard and such presentation reflects the essence of the transaction.

Notes forming part of the Financial Statements

Income and expenses originating in transactions that, contractually or by statute, provide for the possibility of offset and that the Company has the intention of settling for their net amount or realizing the assets and proceeding to pay the liability simultaneously are presented net in profit and loss.

2.15 Financial assets

The Company currently classifies its financial assets in the following categories: "at fair value through profit or loss", "investments held-to maturity", "financial assets available-for-sale" and "loans and receivables". The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by or agreement on the market.

All financial assets are recognized and derecognized on the trade date when the purchase or sale of a financial asset is performed, and are initially recognized at fair value plus transaction costs, except for financial assets at fair value through profit or loss, which are initially measured at fair value and whose transition costs are recognized in profit and loss.

All recognized financial assets are subsequently measured in their entirety at amortized cost or fair value.

At December 31, 2017 and 2016, the Company maintains only trade and other receivables as financial assets.

2.15.1 Effective interest rate method - The effective interest rate method is used to calculate the amortized cost of a financial instrument and to allocate the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts the cash flows receivable or payable (including all fees and points paid or received that form part of the effective interest rate, transaction costs and other premiums or discounts) estimated over the expected life of the financial instrument (or, where appropriate), in a shorter period to the net carrying amount on initial recognition.

Revenue is recognized using the effective interest method for debt instruments other than financial assets classified at fair value through profit and loss.

2.15.2 Trade and other receivables - Trade and other receivables are financial assets which are not derivative instruments, which have fixed or fixable payments and that are not listed on an active market. Subsequent to initial recognition, at fair value, trade and other receivables are measured at amortized cost using the effective interest method less any impairment.

The interest income is recognized as such by applying the effective interest rate, except for short-term receivables where recognition of interest would be immaterial.

2.15.3 Impairment of financial assets at amortized cost - Financial assets, other than those designated at fair value through profit and loss, are assessed for impairment at the end of each reporting period. A financial asset is impaired when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the estimated future cash flows of the financial asset have been affected.

- For all other financial assets, objective evidence of impairment may include:
- Significant financial difficulty of the issuer or obligor; or
- A breach of contract, such as a default or delinquency in interest or principal payments; or
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties; or

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

The loss amount arising from impairment of a loan measured at amortized costs is the difference between the carrying amount of the estimated future cash flow, discounted at the original effective interest rate of the financial asset.

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

2.15.4 Derecognition of financial assets - The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, and when it transfers the financial asset and substantially allthe risks and rewards of ownership of the asset. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

In total derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and receivable as well as the cumulative effect that had been recognized in other comprehensive income and accumulated in equity are recognized in profit or loss.

2.16 Current and non-current financial liabilities and equity instruments

Debt and equity instruments are classified as financial liabilities in accordance with the substance of the contractual arrangements.

Financial liabilities are classified as current liabilities unless the Company has unconditional entitlement to defer settlement during at least 12 months after the statement of financial position date.

2.16.1 Financial liabilities - Financial liabilities are classified at fair value through changes in profit and loss or other financial liabilities.

2.16.2 Other financial liabilities - Other financial liabilities (including loans and trade accounts payable and others) are subsequently measured at amortized cost using the effective interest method.

The effective interest rate method is used to calculate the amortized cost of a financial asset and liability and to allocate the interest income or expense over the relevant period.

The Company has implemented policies to manage the financial risk to ensure that all accounts payable are paid in accordance with the agreed credit terms.

2.16.3 Derecognizing a financial liability - The Company derecognizes a financial liability if, and only if, its contractual obligations are extinguished, canceled or fulfilled. The difference between the carrying amount and the consideration paid and payable is recognized in profit and loss for the year.

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

2.17 New and revised standards issued but not yet effective

The Company has not applied the following new and revised International Financial Reporting Standards (IFRS) that have been issued but are not yet effective but for which early application is permitted.

IFRS 9 Financial instruments

IFRS 9, published in July 2014 replaces the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial instruments, and the new general hedge accounting requirements. It also maintains the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not plan an early adoption of this standard.

Notes forming part of the Financial Statements

The Company's Management has reviewed all the different sections of IFRS 9 to determine the impact that would have the new standard and develop the accounting policy that will carry on from 2018.

On the basis of the financial assets and liabilities the Company maintains at December 31, 2017, Management expects that the new model of classification and measurement of financial instruments will not have a material effect on the Company's financial statements.

In addition, given the Company's business nature, where most of the sales are recovered in the short-term (average collection term is 30 days) and there are no receivables of other nature that are significant, it is not expected that the impact of applying the expected loss model be material on the Company's results.

IFRS 15: Revenue from contract with customers

In May 2014, IFRS 15 was issued which establishes a comprehensive and detailed model for entities to use in accounting for and recognizing revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of contractually established goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5- step approach to revenue recognition:

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

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

The company has two kind of revenue recognition, one based on Porcentaje of Completion (PoC) of effort in each project during the contract period where Project Value defined is based on milestones and second one for sales of technology infrastructure where revenue is recognized in the point of time when performance obligation is transferred to the customer.

Management expects that application of IFRS 15 in the future may have a significant impact on the amounts recognized in the accompanying financial statements and their disclosures. However, no reasonable estimation on this effect can be provided until a detailed examination has been performed.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of leases and accounting treatments for both lessors and lessees, IFRS 16 will supersede the current leasing guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset a corresponding liability have to be recognized by all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently the lease liability is adjusted for interest and lease payments, as well as the impact of the lease modifications, amongst others.

Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into principal and an interestportion, which will be presented as financing and operating cash flows, respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Extensive disclosures are required by IFRS 16.

The Company's Management expects that application of IFRS 16 in the future may have an impact on the amounts recognized in the financial statements and their disclosures. However, it is not possible to provide a reasonable estimate of that effect until a detailed examination has been completed.

Other New Standards or Modifications to Standards and Interpretations

The Company does not expect new or amended standards are not expected to have a significant impact on the financial statements:

- Annual Improvements to IFRS Cycle 2014-2016 (Amendments to IFRS 1 and IAS 28).
- Classification and Measurement of Shared-based Payment Transactions (Amendments to IFRS 2)
- IFRIC 22 — Foreign Currency Transactions and Advance Consideration.
- IFRIC 23 — Uncertainty over Income Tax Treatments.

3. Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires that Management make certain estimates and establish various assumptions inherent to the entity's economic activity with the purpose of determining the valuation and presentation of certain items forming part of the financial statements. In Management's opinion, such estimates and assumptions were based on the best information available at the time, but actual results could differ from those estimates.

The following critical accounting estimates and judgments have been used by Company management in the process of applying accounting criteria:

3.1 Asset impairment - At the end of each reporting period, or on the date considered necessary, the Company analyzes the carrying amounts of its 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 the case of identifiable assets not generating independent cash flows, the recoverability of the cash-generating units to which the asset belongs is estimated.

Impairment losses recognized in assets in prior periods are reversed if there has been a change in the estimates used to determine the recoverable amount, thereby increasing the asset amount with a charge to income that does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

During the years 2017 and 2016, Management recognized no impairment losses on installations and equipment or on intangible assets since the cash flows have been insured through contracts signed with its principal clients.

3.2 Provisions for defined benefit obligations - The present value of employee benefit provisions depends on various factors that are determined using an actuarial calculation based on various assumptions. The assumptions used in determining the net cost of the benefits include a discount rate. Any change in assumptions impacts the carrying amount of the employee benefit provisions.

The actuary contracted by the Company to perform the actuarial calculation uses the discount rate, the mortality rate and the turnover rate at the end of each year as reported by Company management. The discount rate is the interest rate to be used to determine the present value of estimated expected future cash flows that will be required to comply with the benefit obligation, which is determined by reference to market yields, at the end of the year, corresponding to high quality corporate bonds in the currency in which the profits will be paid.

3.3 Estimate of useful lives of installations and equipment and intangible assets - The estimate of the useful lives and the residual values of installations andequipment and intangible assets are performed as described in Notes 2.5.3 and 2.6.2.

3.4 Deferred income tax - The Company has estimated its deferred taxes on the basis that all differences between the carrying amount and the tax bases for assets and liabilities will be reversed in the future.

Notes forming part of the Financial Statements

4. CASH AND CASH EQUIVALENTS

As shown in the statement of cash flows, cash and cash equivalents may be reconciled with related items in the statement of financial position as follows:

(In thousands of USD)

	2017	2016
Current account balances with banks	**80**	55
Deposits with banks	**23,120**	28,833
	23,200	28,888

At December 31, 2017, Deposit with banks correspond to certificates of deposit with a local financial institution maturing up to January 2018 (up to February 2017 for year 2016), with an effective average interest rate of 2.36% for year 2017 (1.70% for year 2016).

5. TRADE RECEIVABLES

(In thousands of USD)

	2017	2016
Trade receivables – gross (1)	**3,909**	5,314
Less: Allowance for doubtful trade receivables (2)	**(24)**	-
	3,885	5,314

(1) At December 31, 2017, comprises the balance with: Banco Pichincha C.A.US$3.669, OTECEL S.A. US$86 and other clients US$130. At December 31, 2016, comprises the balance with: Banco Pichincha C. A. US$4.439, OTECEL S.A. US$436, CONECEL S.A. US$ 273 and other clients US$166.

Movements in trade receivables were as follows:

(In thousands of USD)

	2017	2016
Balance at the beginning of the year	**5,314**	7,120
Allowance for doubtful receivables	**(24)**	-
Amounts credite note provisioned (1)	-	(377)
Amounts recovered during the year (net)	**(1,405)**	(1,429)
Balance at the end of the year	**3,885**	5,314

(1) During 2016, the Company adjusted the balance of accounts receivable from the Ecuadorian Social Security Institute Bank (BIESS) by US$ 377. As of the date of this report, the provision of services contract has not been settled (Note 21).

Aging of past-due accounts receivable not yet impaired: Details of past-due accounts receivable not yet impaired are as follows:

(In thousands of USD)

	2017	2016
Overdue 91 to 180 Days	**5**	23
Overdue 181 to 360 Days	**-**	57
Overdue over 360 Days	**-**	28
Total past-due portfolio	**5**	108

The Company's corporate credit policies include a collection period of up to 15 days. This period may be extended to 45 days if requested by the client, following an analysis and approval by Management. All credit terms are previously agreed through the clauses in contracts signed between the Company and the clients.

6. UNBILLED REVENUES

(In thousands of USD)

	2017	2016
Unbilled revenues – gross	**1,399**	7,918

At December 31, 2017, comprises the provision of professional services for: Banco Pichincha C.A. US$984, CONECEL S.A. US$78 and other clients US$337. At December 31, 2016, comprises the provision of professional services for: Internal Revenue Services – SRI US$6,710, Banco Pichincha C.A. US$ 729, CONECEL S.A. US$ 263 and Other Clients US$ 216.

Movements in unbilled revenues were as follows:

(In thousands of USD)

	2017	2016
Balance at the beginning of the year	**7,918**	17,878
Amounts billed during the year (net)	**190**	(8,633)
Amounts written off as unbillable (1)	**(6,709)**	(1,327)
Balance at the end of the year	**1,399**	7,918

(1) During 2017 the company adjusted the balance of unbilled revenues from Internal Revenue Services (SRI) due to on March 21, 2017, the company received a letter requesting termination of this contract through mutual agreement and that the settlement process be initiated based on the completion of the work **(Note 21).**

Comprise principally of services rendered in accordance with signed service agreements with the Internal Revenue Services (SRI) for US$ 4,583 for year 2016 adjusted in 2017 **(Note 21)**

During 2016 the company adjusted the balance of unbilled revenues from the Ecuadorian Social Security Institute Bank (BIESS); as of the date of this report, the provision of services contract has not been settled **(Note 21).**

Aging of past-due unbilled revenues not yet impaired: Details of past-due unbilled revenues not yet impaired are as follows:

(In thousands of USD)

	2017	2016
Overdue 91 to 180 Days	**32**	1
Overdue 181 to 360 Days	**-**	3
	32	4

Notes forming part of the Financial Statements

7. OTHER FINANCIAL ASSETS

(a) Other current financial assets

(In thousands of USD)

	2017	2016
Employee advances	**14**	8
Accrued Interest	**4**	-
	18	8

(b) Other non current financial assets

(In thousands of USD)

	2017	2016
Deposits for premises	**72**	98

8. OTHER ASSETS

(a) Other current assets

(In thousands of USD)

	2017	2016
Prepaid expenses	**2,778**	2,642
Advance to suppliers	**62**	115
Other current assets	7	35
	2,847	2,792

(b) Other non current assets

(In thousands of USD)

	2017	2016
Prepaid expenses	**102**	977

Notes forming part of the Financial Statements

9. PROPERTY, PLANT AND EQUIPMENT

(In thousands of USD)

	Note	Vehicles	Leasehold improve-ments	Computer equip-ments	Furniture and fix-tures	Office equip-ments	Total
Gross block as of Dec 31, 2016		**2**	**283**	**5,054**	**955**	**110**	**6,404**
Purchases		**-**	**-**	**16**	**10**	**3**	**29**
Disposals		**-**	**-**	**(55)**	**(1)**	**-**	**(56)**
Reclassfications		**-**	**-**	**7,572**	**-**	**-**	**7,572**
Gross block as of Dec 31, 2017		**2**	**283**	**12,587**	**964**	**113**	**13,949**
Accumulated deprecia-tion as of Dec 31, 2016		**2**	**282**	**4,248**	**756**	**15**	**5,303**
Disposals		**-**	**-**	**(54)**	**-**	**-**	**(54)**
Depreciation for the year	19	**-**	**1**	**323**	**97**	**17**	**438**
Reclassfications		**-**	**-**	**7,572**	**-**	**-**	**7,572**
Accumulated deprecia-tion as of Dec 31, 2017		**2**	**283**	**12,089**	**853**	**32**	**13,259**
Net carrying amount as of Dec 31, 2017		**-**	**-**	**498**	**111**	**81**	**690**

	Note	Vehicles	Leasehold improve-ments	Computer equipments	Furniture and fixtures	Office equipments	Total
Gross block as of Dec 31, 2015		2	281	4.706	969	-	5.958
Purchases		-	-	534	30	68	632
Disposals		-	-	(186)	-	-	(186)
Reclassfications		-	2	-	(44)	42	-
Gross block as of Dec 31, 2016		2	283	5,054	955	110	6,404
Accumulated deprecia-tion as of Dec 31, 2015		2	281	4,107	611	-	5,001
Disposals		-	-	(180)	-	-	(180)
Depreciation for the year	19	-	1	332	135	14	482
Reclassfications		-	-	(11)	10	1	-
Accumulated deprecia-tion as of Dec 31, 2016		2	282	4,248	756	15	5,303
Net carrying amount as of Dec 31, 2016		-	1	806	199	95	1,101

Notes forming part of the Financial Statements

10. TRADE AND OTHER PAYABLES

(In thousands of USD)

	2017	2016
Trade payables - gross (a)	**8,982**	9,066
Accrued expenses	**2,503**	11,923
	11,485	20,989

(a) Total related companies US$ 2.191 for year 2017 (US$ 749 for year 2016). (Note 20).

The average credit period for the purchase of goods and services is between 15 and 45 days.

Accrued expenses - Details of amounts comprising accrued expenses are as follows:

(In thousands of USD)

	2017	2016
Banco Pichincha (1)	**134**	8,048
Internal Revenue Services - SRI (2)	**1,357**	3,080
Others:		
Recurring services	**648**	72
Others (3)	**364**	723
	1,012	795
	2,503	11,923

(1) For year 2017 includes a provision for US$134 for operative errors in the normal course of the business. For year 2016, includes principally US$6,009 corresponding to operative errors determined in the Core banking implementation project in 2012 with Banco Pichincha C.A. In addition, includes a provision for US$1,007 for operative errors in the normal course of the business (Note 22).

(2) Constitute costs and expenses for Internal Revenue Services (SRI) Project and to finish settlement of the contract.

(3) For year 2017 constitute the provision for year 2007 income tax assessment notice, for year 2016 includes the challenge to recognize the value added tax (VAT) credit for years 2007 and 2008 for US$364 (Note 22).

11. OTHER CURRENT LIABILITIES

(In thousands of USD)

	Note	2017	2016
Advance received from customers	[a]	**3,770**	3,724
Indirect tax payable and other statutory liabilities	12	**1,948**	1,408
Other current liabilities		**921**	984
		6,639	6,116

(a) Corresponds to an advance received from your client Internal Revenue Service - SRI, as a guarantee for the provision of the service of implementation of the OLA 1 integral technological solution of the SRI improvement program. On January 19, 2018, the Company executed the guarantee.

Notes forming part of the Financial Statements

12. TAXES

1.1 Current year assets and liabilities - A summary of current asset and liability taxes is as follows:

(In thousands of USD)

	Note	**2017**	2016
Tax credit on income tax withholdings at source and total	12.1.3	**3,179**	971
Current tax liabilities:			
Value Added Tax - VAT payable and withholdings		**1,134**	1.017
Income tax withholings at source payable		**814**	391
	11	**1,948**	1.408

1.2 Tax reconciliation - current income tax - A reconciliation between profit (loss) according to the financial statements and the current income tax expense is as follows:

(In thousands of USD)

	2017	2016
Profit (loss) according to the financial statements, before income tax	**1,164**	(249)
Non deductible expenses	**1,330**	8,891
Taxable income (1)	**(166)**	8,642
Income tax withholings at source payable	**(37)**	1,901
Calculation of minimun prepaid income tax (2)	**788**	872
Discounts to the advance (3)	**(315)**	-
Income tax charged to profit and loss:		
Current (3)	**473**	1,901
Deferred	**1,021**	(685)
	1,494	1,216
Effective tax rate	**41%**	16%

(1) In accordance with current legislation, income tax was determined using a rate of 22% on profits subject to distribution and 12% on reinvested profits.

(2) As of year 2010, the calculated prepayment amount must be considered as a minimum income tax. This calculation is performed by totaling 0.4% of assets, 0.2% of equity, 0.4% of taxable income and 0.2% of deductible costs and expenses.

(3) During 2017, the income tax caused was less than the calculated advance; It should be noted that in 2017 the company took advantage of the 40% reduction in the value of the advance payment according to Decree 210 of November 2017. Consequently, the Company recorded US$ 473 and US$ 1.901 respectively in the income statement, corresponding to the income tax caused.

The income tax return for 2014 is being reviewed by the tax authority and this year the declarations are subject to revision.

Notes forming part of the Financial Statements

1.3 Movement in the provision for income tax (tax credit)- Movements in the provision for income tax (tax credit) were as follows:

(In thousands of USD)

	Note	**2017**	2016
Balances, beginning of year		**971**	(1.508)
Provision for the year		**(473)**	(1,901)
Payment made		**2,681**	4,380
Balances, end of year	12.1.1	**3,179**	971

Payments made - Comprise withholdings at source and payment of the income tax balance due at beginning of year.

1.4 Deferred tax balances- Movements for deferred tax assets were as follows:

(In thousands of USD)

Year 2017:	**Balances at beginning of year**	**Recognized in profit and loss**	**Balances at end of year**
Deferred tax assets in relation to:			
Provision for bonuses	**-**	**75**	**75**
Provision de bonuses (Gifcards to employees)	**-**	**23**	**23**
Provision for operative losses	**662**	**(632)**	**30**
Provision for projected SRI expenses	**488**	**(488)**	**-**
	1,150	**(1,022)**	**128**
Year 2016:			
Deferred tax assets in relation to:			
Provision for retirement	464	(464)	-
Provision for operative losses	-	662	662
Provision for projected SRI expenses	-	488	488
	464	686	1,150

13. TRANSFER PRICING

In accordance with current legislation, taxpayers subject to income tax and that have performed operations with overseas and/or local related parties within the same fiscal period for an accumulated amount exceeding US$15 million are obliged to file a Transfer Pricing study to verify that such operations have been undertaken at arm's length prices.

Company operations with overseas related parties during the years 2016 and 2015, did not exceed the referred amount.

The Company Management based on the preliminary diagnosis performed together with its tax advisors for 2017 transactions, does not expect any adjustment to the expense or current tax liability, however, once said study is finished it may be determined if operations with related parties for the year ended at December 31, 2017, have met the arm's length principle

14. OTHER CURRENT FINANCIAL LIABILITIES

(In thousands of USD)

	2017	2016
Profit sharing	**206**	-
Social benefits	**537**	655
Other employee accounts payable	**464**	553
	1,207	1,208

Employee profit-sharing - In accordance with current legislation, workers are entitled to a 15% share in a company's profits applicable to accounting for pre-tax profits. Movements in the provision for employee profit-sharing were as follows:

(In thousands of USD)

	2017	2016
Balances, beginning of year	**-**	3,724
Provision for the year	**206**	-
Payment made	**-**	(3,724)
Balances, end of year	**206**	**-**

15. EMPLOYEE BENEFIT OBLIGATION

(a) Employee benefit obligation - Current

Other employee benefit obligation: Company provisioned USD $95 at the end of December 2017 to be paid as long service awards and start of the month recognition according to oorporate policies.

(b) Employee benefit obligation - Non Current

Defined Benefit Obligations

(In thousands of USD)

	2017	2016
Retirement	**4,205**	3,505
Severance	**883**	942
	5,088	4,447

Notes forming part of the Financial Statements

15.1 Retirement - In accordance with the Labor Code, employees with twenty-five or more years' continuous or interrupted service are entitled to receive pensions from their employers without prejudicing their right as affiliates to receive pensions from the Ecuadorian Social Security Institute.

Movements in the present value of the retirement obligation were as follows:

(In thousands of USD)

	2017	2016
Balances, beginning of year	**3.505**	2,899
Cost of the services	**456**	437
Cost of interest	**146**	138
Actuarial losses (gains)	**98**	31
Balances, end of year	**4,205**	3,505

15.2 Severance - In accordance with the Labor Code, when an employee's labor contract is terminated either by the employee of the employer, the Company shall pay an amount equivalent to 25% of their last monthly salary for each year of service.

Movements in the present value of the severance obligation were as follows:

(In thousands of USD)

	2017	2016
Balances, beginning of year	**942**	745
Cost of the services	**105**	160
Cost of interest	**30**	35
Actuarial losses (gains)	**169**	219
Benefits paid	**(363)**	(217)
Balances, end of year	**883**	942

The actuarial calculations for the present value of the accrued defined benefits were performed at December 31, 2017 and 2016 by an independent actuary. The present value of defined benefit obligations (DBO) and the current service cost and the previous service cost were calculated using the projected credit unit method.

Under this method pension benefits must be attributed to the employee's period of service and based on the plan formula so that the same benefit amount is attributed to each year of service based on an actuarial hypothesis to calculate the present value of the referred benefits.

This hypothesis reflects the value in money over time, the salary increase and the probability of paying a pension.

Actuarial gains and losses arising from adjustments for experience and changes in actuarial assumptions are credited or charged to other comprehensive income.

The significant actuarial assumptions used to determine the defined benefit obligations are the discount rate, expected salary increases and mortality.

The principal assumptions used for the actuarial calculations are as follows:

(In thousands of USD)

	2017	2016
	%	%
Discount rate (s)	**4.06**	4.68
Expected salary		
Increase rate (s)	**3.00**	3.00
Turnover rate	**17.20**	21.60

The sensitivity analysis included below has been developed based on reasonably expected changes that may occur at the end of the reference period for the respective assumptions.

(In thousands of USD)

	2017	2016
DBO variance (discount rate - 0.5%)	**326**	291
DBO variance (discount rate + 0.5%)	**(301)**	(256)
DBO variance (salary increase + 0.5%)	**305**	197
DBO variance (salary increase - 0.5%)	**(286)**	(184)

The sensitivity analysis presented above may not be representative of a real change in the defined benefit obligation, since it is unlikely that any change in the assumptions would occur in isolation from others (some of the assumptions may be correlated).

Note that the present value of the defined benefit obligation included in the developed sensitivity is calculated using the projected unit credit method, the same used in the calculation of the defined benefit obligation recognized in the statement of financial position.

Amounts recognized in the statement of comprehensive income for the referred defined benefit plans are as follows:

(In thousands of USD)

	2017	2016
Statement of profit and loss:		
Service cost	**561**	597
Interest cost	**176**	173
	737	770
Other comprehensive income:		
Actuarial losses (gains) and subtotal	**268**	250
	1,005	1,020

16. FINANCIAL INSTRUMENTS

16.1 Financial risk management - During the normal course of its business and financing activities, the Company is exposed to different types of financial risks that may significantly affect, to a greater or lesser extent, the economic value of its cash flows and activities and, consequently, its income.

The Company has various information systems administered by the Global, Regional and Finance area which provide for the identification of such risks, determines their size, suggests mitigation measures to the business areas and Shareholders, executes such measures and controls their effectiveness.

The following is a definition of the risks faced by the Company, their nature and a description of the mitigation measures currently used by the Company when required.

16.1.1 Interest rate risk - The Company is not exposed to an interest rate risk since it maintains no loans. Management of any indebtedness by the Company is defined and approved by the Regional Financial Management, following an assessment of the liquidity situation of the other companies forming part of TCS Latin America leveraged in different regional projects with endorsement from the Corporate Finance of TCS in India.

16.1.2 Credit risk - Credit risk refers to the risk that one party defaults on its contractual obligations resulting in financial loss to the Company.

Notes forming part of the Financial Statements

As part of TCS Global strategy, the Company works principally with key clients that are previously analyzed and approved by the CEO of TCS Latin America. Such clients are global or international operators classified as "large" within their local environment, thereby reducing the credit risk for the Company.

The Company's risk is concentrated in its principal client, Banco Pichincha C.A., whose participation of total income for the years 2017 and 2016 was approximately 94% and 84%, respectively.

Credit assessments are performed on the financial conditions of the client or potential client, based on available information, future perspectives, financial soundness and liquidity, using publicly available information or information from any other source.

An ongoing credit assessment is undertaken based on the aging and financial conditions of accounts receivable.

16.1.3 Liquidity risk - The regional management of Latin America is ultimately responsible for liquidity management. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecasts of real and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company´s growth has been financed almost entirely with cash generated from business operations.

16.1.4 Capital risk - The Company performs periodic reviews of its capital to ensure that it able to continue as a going concern while maximizing the yield for its Shareholders by optimizing debt and equity balances.

The regional Finance Management of TCS Latin America reviews the Company's capital structure on an annual basis. As part of this review, the Company considers the cost of capital and the risks associated with each type of capital.

The Company's principal financial indicators at December 31, 2017 are as follows:

Working capital US$8.8 million (US$13.6 million for year 2016)

Liquidity ratio 1.4 (1.4 for 2016)

Total liabilities / equity 3.5 (2.65 for 2016)

Management believes that the referred financial indicators are within appropriate parameters for an organization with the Company's current size and development level.

16.2 Categories of financial instruments - Details of financial assets and liabilities held by the Company are as follows:

(In thousands of USD)

Dec 31, 2017	Cash and loans receivable	Financial liability	Total carrying value	Total fair value
Assets:				
Cash and cash equivalents	**23,200**	**-**	**23,200**	**23,200**
Trade receivables	**3,885**	**-**	**3,885**	**3,885**
Unbilled revenues	**1,399**	**-**	**1,399**	**1,399**
Other financial assets	**90**	**-**	**90**	**90**
Total Assets	**28,574**	**-**	**28,574**	**28,574**
Liabilities:				
Trade and other payables	**11,485**	**11,485**	**11,485**	**11,485**
Other current financial liabilities	**1,207**	**1,207**	**1,207**	**1,207**
Total Liabilities	**12,692**	**12,692**	**12,692**	**12,692**

Notes forming part of the Financial Statements

(In thousands of USD)

Dec 31, 2016	Cash and loans receivable	Financial liability	Total carrying value	Total fair value
Assets:				
Cash and cash equivalents	28,888	-	28,888	28,888
Trade receivables	5,314	-	5,314	5,314
Unbilled revenues	7,918	-	7,918	7,918
Other financial assets	105	-	105	105
Total Assets	42,225	-	42,225	42,225
Liabilities:				
Trade and other payables	20,989	20,989	20,989	20,989
Other current financial liabilities	1,208	1,208	1,208	1.208
Total Liabilities	22,197	22,197	22,197	22.197

16.3 Fair value of financial instruments - The Company is management believe that the carrying amount of its financial assets and liabilities, recognized at amortized cost in the financial statements, approximates to fair value.

17. EQUITY

17.1 Share Capital - Paid-in share capital comprises 3,000,800 shares with a nominal value of US$1.00.

17.2 Legal Reserve - The Companies' Law requires that at least 10% of annual income be appropriated as a legal reserve until such reaches a minimum of 50% of share capital. This reserve is not available for payment of dividends but may be capitalized in its entirety.

17.3 Retained Earnings - A summary of retained earnings is as follows:

(In thousands of USD)

	2017	2016
Retained earnings - distributable	**3,529**	9,126
Accumulated earnings from first time adoption of IFRS	**(140)**	(140)
	3,389	8,986

Accumulated earnings from first-time adoption of IFRS - Include amounts resulting from adjustments arising from first-time adoption of IFRS. The debt balance may be absorbed by accumulated earnings and those of the previous terminated year, if any, in accordance with the Resolution issued by the Superintendence of Companies on October 14, 2011.

17.4 Dividends - During 2017, dividends of US$5 millon per share were paid (US$15 million for year 2016), corresponding to retained earnings for the year 2015 (2014 and 2015 for year 2016), as approved by the resolution of the Shareholders' Meetings held on January 26, 2017 (March 15 and 18 and October 28, 2016 for year 2016).

18. REVENUE

(In thousands of USD)

	2017	2016
Provision of services	**72,460**	91,360
Sales of technology infrastructure	**13,431**	15,723
	85,891	107,083

Notes forming part of the Financial Statements

Revenues from provision of service - Comprise principally to the provision of information technology services, software development and maintenance services and administrative-operating processing services (BPO) to financial sector institutions.

Revenues from sale of technological infrastructure - Comprise the sale of infrastructure, principally hardware and software to Banco Pichincha C.A.

The Company presents mainly deferred income for maintenance services according to contract maintained with Banco Pichincha for US3.092 at December 31, 2017 (US$2.924 at December 2016). These are recognized in profit or loss according to the terms of the contracts signed with the clients.

19. COSTS AND EXPENSES BY THEIR NATURE

(In thousands of USD)

	2017	2016
Cost of operations	**72,367**	93,400
Administrative expenses	**12,704**	14,210
	85,071	107,610

Details of costs and expenses by their nature are as follows:

Employee benefit expenses

(In thousands of USD)

	2017	2016
Salaries, incentives and allowances	**40,545**	45,698
Contributions to provident and other funds	**10,614**	11,808
Staff welfare	**2,701**	3,139
	53,860	60,645

Depreciation and amortisation expenses

(In thousands of USD)

	Note	2017	2016
Depreciation	9	**438**	1,212

Other Operating expenses

(In thousands of USD)

	Note	2017	2016
Bad Debts	5	**24**	-
Communication		**839**	970
Cost of equipment and software licences		**12,233**	13,097
Facility Running Expenses		**2,956**	3,933
Fees to external consultants		**288**	549
Project expense		**8,063**	13,169
Other expenses		**5,526**	12,825
Travel expenses		**843**	1,210
		30,772	45.753

Notes forming part of the Financial Statements

20. RELATED PARTY TRANSACTIONS AND BALANCES

20.1 Commercial Transactions - During the years 2017 and 2016, the Company performed the following commercial transactions with its related parties:

Transactions with related parties

(In thousands of USD)

2017	**With Tata Sons Limited, Ultimate parent company**	**With Tata Consultancy Services Limited**	**With subsidiaries of Tata Consultancy Services Limited**	**Total**
Revenue from Sales of services and Licenses	**-**	**2.664**	**1.317**	**3.981**
Purchases of goods and services	**-**	**-**	**(68)**	**(68)**
Availment of services	**-**		**-**	**-**
Brand equity contribution	**79**	**-**	**-**	**79**

(In thousands of USD)

2016	With Tata Sons Limited, ultim ate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
Revenue from Sales of services and Licenses	-	3.059	987	4.046
Brand equity contribution	67	-	-	67

20.2 Balances with related parties- During the years 2017 and 2016, the following balances were pending at the end of the reporting period:

Balances receivable from related parties

(In thousands of USD)

2017	**With subsidiaries of Tata Consultancy Services Limited**
Trade receivables and other current financial assets	34

Notes forming part of the Financial Statements

Balances payable to related parties

(In thousands of USD)

Year ended Dec 31, 2017	Note	With Tata Sons Limited, ultim ate parent company	With Tata Consultancy Services Lim ited	With subsidiaries of Tata Consultancy Services Limited	Total
Trade and other payables	20	**79**	**1,243**	**869**	**2,191**
Year ended Dec 31, 2016		With Tata Sons Limited, ultim ate parent company	With Tata Consultancy Services Lim ited	With subsidiaries of Tata Consultancy Services Limited	Total
Trade and other payables	20	72	547	130	749

The pending balances are not secured and will be paid in cash. No guarantees have been provided or received. No expense has been recognized in the current period or in previous periods with respect to bad or doubtful debts on amounts owed by related parties.

20.3 Compensation of key management personnel - Compensation paid to executives and other key members of management during the year was as follows:

(In thousands of USD)

	2017	2016
Wages and salaries	**2,686**	2,859
Social benefits	**893**	856
Defined benefits	**227**	329
	3,806	4,044

The compensation of the directors and key executives is determined based on individual performances and market trends.

21. COMMITMENTS

The Company's principal commitments, effective at December 31, 2017 are as follows:

(a) **Services Contract - Banco Pichincha C.A. -** On January 3, 2018, Banco Pichincha C.A. and Tatasolution Center S.A. signed a new contract for the provision of IT and BPO services with a guarantee provided by Tata Consultancy Services Chile S.A. for an additional period of 60 months, it was agreed a transition period of 6 months to define jointly the business model, pricing and billing model applicable.

(b) **Services Contract - Banco General Rumiñahui -** On July 29, 2014, the BGR Technology and Operations Contract was signed and which defines a new baseline and new prices related to the excess. The current contract is effective until July 31, 2017. The respective term clause provides for the automatic renewal of the Contract upon expiration for successive annual periods.

(c) **Services Contract - Ecuadorian Social Security Institute - IESS -** On April 7, 2008, the Ecuadorian Social Security Institute and the Company signed a provision of services contract for the concession and administration of mortgage credits granted by the IESS to its affiliates and pensioners for the acquisition of housing, in accordance with general and precise service specifications. On September 4, 2012, the Ecuadorian Social Security Institute

Bank (BIESS) and the Company signed a new contract for the provision of administration services for the management and the granting of mortgage loans for one year.

On February 5, 2014, BIESS and TCS signed the Transition Process Procedure Deed between BIESS and Tatasolution Center S.A. . Actions related to the definitive close of the transition contract signed between BIESS and Tatasolution Center S.A. are still continuing.

At the issue date of the financial statements this contract has not been settled.

(d) **Service Contracts - Internal Revenue Services (SRI) -** In December 2016, the Company signed a Services Contract with the Internal Revenue Services (SRI) for the provision of an implementation of the integral OLA 1 technological solution improvement program as part of the SRI improvement program. The Company and the Internal Revenue Services (SRI) agreed a 32-month period as of February 2, 2016 (the project initiation) and a price of US$23.7 million. This amount will be recognized as of February 2016, the project start date. In addition, at December 31, 2015, the Company received an advance payment of US$4 million in accordance with the framework contract.

Consequently, on December 31, 2017, the Company reversed the UBR balance of US$6.7 million and provisioned US$180 thousand for interest and commission to the Interamerican Developing Bank stated in the contract and the settlement.

22. CONTINGENCIES

(a) Year 2007 Income Tax Assessment

On September 30, 2011, the Regional Director of the Internal Revenue Service (SRI) issued an Assessment Order for year 2007, requiring the Company to pay additional income tax of US$363,000.

The Company challenged the Order in 2013 and the case is now with the Contentious Tax Tribunal with a verdict being awaited. After consulting its legal advisors, the Company believes the possibility of success to be high. Nevertheless, as a consequence the time that has elapsed, the Company has decided to provision the total amount payable plus interest. As of December 31, 2017, the Company has generated a guarantee for US$36,000

(b) Administrative Claim for 2007 and 2008 - Value Added Tax (VAT) credit

In 2014, the Company initiated a claim process to recognize a Value Added Tax (VAT) credit for the years 2007 and 2008 with the Regional Director of the Internal Revenue Service (SRI) for US$466,000. After consulting its legal advisors, the Company believes the possibility of success to be high.

Notes forming part of the Financial Statements

23. CHANGE IN PRESENTATION

During the Financial year, the Company decided to present a different reogruping in financial statements, hence financial statements for year 2016 have been restated.

Statements of financial position:

(In thousands of USD)

	Previously reported	Presentation correction Debit / (Credit	Ref.	Restated
ASSETS:				
Current assets:				
Cash and cash equivalents	55	28.833	(1)	28.888
Bank deposits	28.833	28.833	(1)	-
Trade receivables	13.275	7.961	(2)	5.314
Unbilled revenues	-	7.918	(2)	7.918
Other current financial assets	-	8	(2)	8
Current income tax assets	971	971	(3)	-
Other current assets	2.758	34	(2)	2.792
Total current assets	45.892	972		44.920
Non-current assets:				
Other non-current financial assets	-	98	(4)	98
Advance income taxes (net)	-	971	(3)	971
Deferred tax assets	1.149	-		1.149
Property, plant and equipment	1.101	-		1.101
Other non-current assets	1.075	98	(4)	977
Total non-current assets	3325	972		4.296
TOTAL ASSETS	49.217	-		49.216
LIABILITIES AND EQUITY				
Liabilities				
Current liabilities				
Trade and other payables	24.736	3.747	(5)	20.989
Other current financial liabilities	-	1.208	(5)	1.208
Unearned and deferred revenue	2.924	-		2.924
Current tax liabilities	1.408	(1408)	(5)	-
Provisions	-	39	(5)	39
Other current liabilities	2.208	3.908	(5)	6.116
Total current liabilities	31.276	-		31.276

(1) Reclassification from Bank deposits to cash and cash equivalents
(2) Split Trade receivables from unbilled revenue and other accounts receivable
(3) Reclassification of income tax as non current assets
(4) Reclassification from Other non current assets to Other non current financial assets
(5) Reclassification between current liabilities

Notes forming part of the Financial Statements

Statements of Profit or Loss and Other Comprehensive Income

(In thousands of USD)

	Previously reported	Presentation correction Debit / (Credit)	Ref.	Restated
Operating expenses:				
Cost of operations	93.400	(93.400)	(1)	-
Administrative expenses	14.210	(14.210)	(1)	-
Employee benefits expenses	-	60.645	(1)	60.645
Depreciation and amortisation expense	-	1.212	(1)	1.212
Other operating expenses	-	45.753	(1)	45.753
Total operating expenses	107.610	-		107.610

An analysis of expenses recognized in the Profit or Loss using a classification based on their nature instead of by their function. The change has been made, as classification of expenses by nature is considered to provide more reliable and relevant information to users than their classification by function. Information on the nature of expenses is useful in predicting future cash flows. Classification by nature is simple and does not require allocations and involves lesser management judgement. The Company intends to follow this approach on a consistent basis.

Statements of cash flows:

	Previously reported	Presentation correction Debit / (Credit)	Ref.	Restated
Cash flows from operating activities:	17.716	(25)	(1)	17.691
Cash flows from investing activities:	(657)	25	(1)	(632)

Reclassification between operating activities and investing activities.

24. EVENTS AFTER THE REPORTING PERIOD

Between December 31, 2017 and the date of issuing of the financial statements no additional events occurred that, in the opinión of Management, could have an important effect on the accompanying financial statements.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2017 were approved by Company Management on April 15, 2018 and will be presented to the Shareholders for approval. In the opinion of Company Management, the financial statements will be approved by the Shareholders without any modification.

TECHNOLOGY OUTSOURCING S.A.C.

FINANCIAL STATEMENTS

For the year ended
December 31, 2017 and 2016

(including Independent Auditors' Report)

FINANCIAL STATEMENTS OF TECHNOLOGY OUTSOURCING S.A.C

INDEPENDENT AUDITORS' REPORT

THE STOCKHOLDERS

TECHNOLOGY OUTSOURCING S.A.C.

We have audited the accompanying financial statements of Technology Outsourcing S.A.C., which comprise the statement of financial position as of December 31, 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes from 1 to 20, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by International Accounting Standard Board, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing approved for their application in Peru by the Dean's Council of the Peruvian Professional Associations of Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 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 opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Technology Outsourcing S.A.C. as of December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards issued by International Accounting Standards Board.

Emphasis of Matters

Without modifying our opinion, we draw attention to the following matters:

- As explained in note 1 (e) to the accompanying financial statements the Company has net accumulated losses of S/ 3,433 thousands as of December 31,2017 (S/ 3,455 thousands as of December 31,2016) and negative working capital of S/ 1,485 thousands as of December 31,2017 (S/ 1,213 thousands as of December 31 ,2016), due to starting operations late in 2015. Management's plans to overcome this situation are also described in note 1. The financial statements referred to above do not include any adjustment as a result of this uncertainty.
- As explained in note 20 to the accompanying financial statements, on February 26, 2018 the Stockholders of the Company approved the rollback of its front office component, consisting of transferring assets, liabilities and workers of this component to a new company via a simple reorganization process.
- As explained in note 4 (iii) to the accompanying financial statements, indicates that the Company's revenues derive from services provided to only one customer.

Other Matters

The financial statements of Technology Outsourcing S.A.C. for the year ended December 31, 2016 and the related explanatory notes that are presented for comparative purposes, were audited by another independent auditors, whose report dated May 15, 2017, expressed an unqualified opinion on those statements.

Lima, Peru

May 14, 2018

Countersigned by:

Juan Jose Cordova (Partner)

Peruvian Certified Public Accountant

Registration number 01-18869

Balance Sheet as at December 31, 2017 and 2016

(In thousands of soles)

	Note	As at December 31, 2017	As at December 31, 2016
ASSETS			
Current assets			
Cash	5	**2,899**	1,796
Trade receivables	6	**1,283**	3,543
Other receivables	7	**1,149**	320
Total current assets		**5,331**	5,659
Non-current assets			
Other receivables	7	**810**	618
Furniture and equipment	8	**735**	1,346
Deferred tax assets	9	**1,970**	1,257
Total non-current assets		**3,515**	3,221
TOTAL ASSETS		**8,846**	8,880
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables	10	**2,799**	3,356
Other payables	11	**4,017**	3,516
Total current liabilities		**6,816**	6,872
Equity			
Share capital	12. A	**5,463**	5,463
Accumulated losses	12. B	**(3,433)**	(3,455)
Total equity		**2,030**	2,008
TOTAL LIABILITIES AND EQUITY		**8,846**	8,880

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2017 and 2016

(In thousands of soles)

	Note	**For the year ended December 31, 2017**	For the year ended December 31, 2016
Revenue	14	**46,576**	45,107
Cost of sales	15	**(44,643)**	(47,455)
GROSS PROFIT (LOSS)		**1,933**	(2,348)
Administrative expenses	16	**(3,033)**	(2,313)
Other income		**428**	1,082
OPERATING LOSS		**(672)**	(3,579)
Exchange difference	4.i	**(22)**	(27)
Finance income (expense), net		**3**	(16)
NET FINANCE COSTS		**(19)**	(43)
LOSS BEFORE TAX		**(691)**	(3,622)
Income tax benefit	13	**713**	834
PROFIT (LOSS) FOR THE PERIOD		**22**	(2,788)
Other comprehensive income for the period		**-**	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**22**	(2,788)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Statement of changes in Equity for the year ended December 31, 2017 and 2016

(In thousands of soles)

	Number of Shares	Share capital (note 12.A)	Accumulated losses (note 12.B)	Total equity
Balance as of January 1, 2016	5,462,522	5,463	(667)	4,796
Loss and other comprehensive loss	-	-	(2,788)	(2,788)
Total comprehensive income for the period	-	-	(2,788)	(2,788)
Balance as of December 31, 2016	5,462,522	5,463	(3,455)	2,008
Balances as of January 1, 2017	**5,462,522**	**5,463**	**(3,455)**	**2,008**
Profit and other comprehensive income	**-**	**-**	**22**	**22**
Total comprehensive income for the period	**-**	**-**	**22**	**22**
Balance as of December 31, 2017	**5,462,522**	**5,463**	**(3,433)**	**2,030**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Statement of Cash Flows for the year ended December 31, 2017 and 2016

(In thousands of soles)

	Note	For Year ended December 31, 2017	For Year ended December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) for the period		**22**	(2,788)
Adjustments for:			
Depreciation	8	**614**	679
Loss for impairment of accounts receivable	6	**154**	-
Income tax benefit		**(713)**	(834)
Net finance cost		**(21)**	(9)
Changes in:			
Trade receivables		**2,106**	(3,472)
Other receivables		**(1,021)**	(354)
Inventories		**-**	3,325
Trade payables		**(557)**	1,960
Other payables		**727**	2,355
Cash generated from operating activities		**1,311**	**862**
Income taxes paid		**(226)**	(553)
Net cash from operating activities		**1,085**	**309**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of furniture and equipment	8	**(3)**	(6)
Net cash used in investing activities		**(3)**	**(6)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loans from related entities		**-**	(341)
Net cash used in financing activities		**-**	(341)
Net increase (decrease) in cash		**1,082**	(38)
Effect of movements in exchange rates on cash held		**21**	9
Cash at 1 January		**1,796**	1,825
Cash at 31 December		**2,899**	1,796

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Notes forming part of the Financial Statements

1. REPORTING ENTITY

a. Background

Technology Outsourcing S.A.C. (hereinafter "the Company") is a subsidiary of Tata Consultancy Services Chile S.A. (TCS), a corporation incorporated in Chile. The Company was incorporated on September 7, 2015 in Peru, as a result of the split-off of equity from Banco Financiero. The Company's legal domicile at Av. Nicolás Ayllón N° 2942 (3rd floor), El Agustino, Lima, Peru.

b. Business activity

The Company is mainly engaged in the provision of information technology (IT) services, business solutions and systems outsourcing and marketing of computer equipment and information.

c. Agreement entered into with Banco Financiero

The Company entered into a "Technology and Operations Area Outsourcing" Framework Agreement with Banco Financiero (hereinafter, the "Agreement") on October 23, 2015. The Agreement commenced on November 2, 2015, has an effective term of five (5) years, and it is automatically renewable under mutual consent of the parties.

In September 2016, the Company signed the Appendix 15-A "Complementation of billing and service payment scheme", which revised the base price of the initial contract after the stabilization period of the project, to adjust any deviation from the actual cost incurred from the operation, as well as reviewed the billing concepts and mechanisms.

The Company is currently negotiating its baseline service fee which will include the inflation adjustment, as per contract definition. This adjustment will have retroactive effect from the beginning of the second year of operation (November 2016), thereby reversing the losses generated from the financial year 2017 onwards.

The services to be provided are the following: Business Process Services (BPS) as back office, front office and Technology Services (IT), as Applications Maintenance and Development and Infrastructure Services. In March 1, 2018, the Company rollback the front office component to Banco Financiero (note 20). Finally the Company will receive a straight-line consideration of S/ 2,329 every month of the baseline for the other services.

Along with these services, any new requirement for BPS or IT services is managed through a new Scope of Work (SOW) that will has its own price and deliverables.

d. Approval of the financial statements

Financial statements as of December 31, 2017 were issued with Company's Management approval on April 9, 2017, and then put for consideration of General Stockholders' Meeting that will be held within the term legally established for final approval. In Management's opinion, the accompanying financial statements will be approved by General Stockholders' Meeting without amendments. The financial statements as of December 31, 2016 have not been approved on a General Stockholders' Meeting.

e. Accumulated losses and negative working capital

The Company´s accumulated losses of S/ 3,433 thousand, is due to starting operations in October 2015, in which in 2016 the Company stabilized the operation of back office, front office and IT; and obtained a profit in the period at December 31, 2017. As indicated in note 1.C, the Company adjusted the new baseline fees and at same time, this was an important year to key adjustments like optimization cost plan.

The Company´s negative working capital of S/ 1,485 thousands as of December 31, 2017 (S/ 1,213 thousands as of December 31, 2016), is expected to be reversed in the short term through the new baseline fees, optimization cost plan and operational cash-flows.

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

a. Compliance with IFRS

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (hereafter IFRS), issued by the International Accounting Standards Board (IASB), in force as of December 31, 2017.

b. Information responsibility

The information contained in these financial statements is the responsibility of the Company's Management that expressly states that IFRS issued by the IASB have been applied.

c. Basis of measurement

These financial statements have been prepared on historical cost basis, from the accounting records kept by the Company. The processes of application of the accounting policies of the Company.

d. Functional and presentation currency

The financial statements are presented in the currency of the primary economic environment in which the Company operates, which is Soles (S/). All amounts have been rounded to the nearest thousands, unless otherwise indicated.

e. Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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 in any future periods affected.

Information about significant assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements are as follows:

i. Useful life and recoverable value of furniture and equipment

Depreciation is calculated at the straight-line method based on the estimated useful life of the asset.

The recoverable value is assigned according to the estimated amount that the Company would obtain from disposal of the item at the end of its useful life. This recoverable value is estimated at the end of the reporting period.

ii. Taxes

The determination of the provision for income tax requires the exercise of judgment. There are several transactions and calculations thus the final result of tax is uncertain. The Company recognizes a liability for the observations arising from the tax reviews based on estimates of whether additional tax payments would be required. When the final result of such reviews is known and it differs from preliminary estimates, the adjustments impact on the current and deferred income tax balance in the period when the results of the final review are known.

iii. Estimate for administrative and labor processes

Due to its nature, contingencies only will be solved when one or more future events occur or not, not whole or within the Company's control. The determination of contingencies inherently involves the exercise of judgments and the use of assumptions over the results of future events.

iv. Estimate for impairment of accounts receivable

The amount of the provision for impairment of trade accounts receivable is determined when there is objective evidence that the Company will not collect all the amounts overdue according to terms originally established of the selling transaction.

Notes forming part of the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set out below. These principles and practices have been applied consistently to all years presented.

a. Financial instruments

Financial instruments are defined as any contract that simultaneously gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Financial assets and liabilities are recognized when the Company becomes part of contractual agreements of the corresponding instrument.

Financial assets and liabilities are initially recognized at fair value plus transaction costs directly attributable to their acquisition or issuance, except for those classified at fair value through profit or loss, which are initially recognized at fair value and whose transactions costs directly attributable to their acquisition or issuance are immediately recognized in profit or loss for the period.

Financial assets

The classification of a financial asset depends on the purpose for which it was acquired. Management determines the classification of its financial assets at the date of initial recognition.

Financial assets held by the Company are classified as loans and accounts receivable.

Trade accounts receivable and other non-derivate accounts receivable with fixed or determinable payments that are not traded in an active market are classified as loans and account receivable. These items are recorded at fair value and subsequently measured at amortized cost by applying the effective interest rate method less any recognized accumulated impairment loss. Interest Income is recognized accumulated impairment loss. Interest income is recognized by applying the effective interest rate, except for those short-term accounts receivable whose recognition is deemed immaterial.

The Company does not hold financial assets that require to be classified within the following categories: financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial investments; nor has it performed transactions during periods when such classifications were required.

Financial liabilities

Financial liabilities are classified in accordance with the content of contractual agreements entered into and considering the economic substance of the contract.

The Company does not hold financial liabilities at fair value through profit or loss or held for trading financial liabilities. Other financial liabilities held comprise the following: trade accounts payable and accounts payables to related entities. Other financial liabilities are measured at amortized cost after initial recognition, by applying the effective interest rate method, and interest accrued throughout the corresponding period is recognized in profit or loss.

b. Furniture and equipment

Furniture and equipment are presented at cost, less depreciation and any recognized impairment loss, if any. Initial disbursements, as well as those subsequently incurred, in relation to goods whose cost may be reliably measured, and are probable to provide future economic benefits, are recognized as furniture and equipment.

Disbursements for maintenance and repairs are recognized as expenses in the period when incurred. Profit or loss resulting from the sale or disposal of an item of furniture and equipment is determined as the difference between the sales proceeds and the carrying amount of assets, which is recognized in profit or loss for the period when the sale is considered to be performed.

Depreciation is determined using the straight-line method based on estimated useful lives of assets, according to the following:

	Years
Furniture and equipment	4 and 5

Estimates on useful lives, depreciation methods and residual values are reviewed at the end of each reporting period to assess possible significant changes in previous expectations or in the expected consumption pattern of future economic benefits inherent to assets, by prospectively incorporating the effects of any change of these estimates on net profit or loss in the period when made.

c. Impairment of long-term assets

The Company regularly reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If there is any indication, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is determined based on future estimated cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risk to the asset cash or cash generating unit (CGU)

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 immediately recognized as expense, unless the corresponding asset is held at revalued amounts, in which case the impairment loss is mainly recognized as a decrease to the revaluation surplus.

An impairment can be subsequently reversed and recorded as income in the profit for the period up to the amount in which the increased carrying amount does not exceed the carrying amount that had been determined if an impairment loss had not been recognized for the asset (or cash-generating unit) in previous years.

d. Operating leases

Payments derived from operating lease agreements where the Company acts as lessee, are recognized as an expense on a straight-line basis during the lease term, except where another systematic assignation basis is more representative to reflect more adequately the pattern of leasing benefits. Contingent payments are recognized as expenses in the period when incurred.

e. Income tax and deferred income tax

Income tax expense for the year comprise current and deferred tax. It is recognized in profit or loss for the year, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current income tax is calculated based on tax laws enacted or substantially enacted as of the date of the statement of financial position. Management evaluates periodically its position in income tax returns regarding situations in which tax laws are subject to interpretations.

Deferred income tax is determined using the liability method based on temporary differences derived from tax base of assets and liabilities, and their corresponding values in the financial statements, that are expected to be applied when the deferred tax asset is realized or the deferred tax liability is settled.

A deferred tax asset is only recognized to the extent that it is probable that future taxable profits will be available, against which temporary differences can be utilized.

Deductible temporary differences and accumulated tax losses generate deferred tax assets to the extent that it is probable that the taxable profit will be used against the income tax of future taxable periods. Carrying amount of deferred income tax assets is reviewed on the date of each statement of financial position and are reduced to the extent that it is no longer probable that there would be sufficient taxable profit against which it is possible to offset the deferred asset. Deferred income tax assets that have not been recognized in the financial statements are reassessed at the date of each statement of financial position.

Balances of deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when deferred taxes relate to the same entity and the tax authority.

f. Provisions

Provisions are recognized when the Company has a current obligation (legal or constructive) as a result of a past event, it is probable that resources that incorporate economic benefits to settle the obligation will be required, and the amount of the obligation can be reliably estimated.

The amount recognized as provision reflects the best estimate of the disbursement necessary to settle the current obligation at the date of the statement of financial position, considering risks and uncertainties surrounding most of the

Notes forming part of the Financial Statements

events and circumstances concurrent to its valuation. When the amount of the provision is measured using estimated cash flows to settle the obligation, the carrying amount is the present value of corresponding disbursements.

In case it is expected that a part or the total disbursement necessary to settle the provision may be refunded by a third party, the portion receivable is recognized as an asset when its recovery is virtually certain, and the amount of such portion can be reliably determined.

g. Contingents liabilities and assets

Contingent liabilities are not recognized in the financial statements. They are disclosed in notes to the financial statements unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recorded in financial statements, but are disclosed in the notes when their likelihood of occurrence is probable.

h. Employee benefits

Employee benefits include, among others, short-term employee benefits, such as salaries and social security contributions, annual paid leaves, paid sick leaves and profit-sharing and incentives, if paid within twelve months following the end of the period. These benefits are recognized against profit or loss for the period when the employee has rendered services that entitle them to receive such benefits. Corresponding obligations payable are presented as part of other liabilities.

i. Revenue recognition

Revenue is measured by applying the fair value of the compensation, received or receivable, derived therefrom.

Provision of services

Revenue from provided services is recognized by the baseline pursuant to the agreement entered into with Banco Financiero. A monthly fixed amount is accrued, and additional amounts are accrued on a monthly basis or the income accrued for services not provided in the period is affected, by adjusting the amount to be recognized.

In case of projects development, revenue from provided services is recognized in profit or loss under the service completion level method. The completion level is determined considering the proportion of effort incurred as of the date of the reporting period and revenue is recognized using the service completion percentage method, determined according to the proportion that represents the effort incurred for the provision of services as of the date of the statement of financial position, compared to estimated total costs of the project.

j. Recognition of costs and expenses

The cost of provided services is recorded in profit or loss for the period when corresponding operating income is recognized. Expenses are recognized when there has been a decrease in future economic benefits in relation to a decrease in assets or increase in liabilities and, additionally, the expense can be reliably measured, regardless of the payment date.

k. Issued capital

Common shares are classified as equity and recognized at their fair value. Incremental costs directly attributable to the issue of new shares or options are presented in equity as a deduction from amounts received, net of taxes.

l. Finance income and cost

Finance income and costs are recorded in profit or loss of the period to which they relate, and they are recognized when accrued, regardless of their collection or payment.

m. Foreign currency

The functional currency of the Company is the Peruvian sol (S/). Transactions in currencies other than the Peruvian sol are considered as "foreign currency", and are recognized by using the exchange rates effective at the date of transactions. At the end of each reporting period, balances of monetary items denominated in foreign currency are translated using the exchange rates effective at such date. Balances of non-monetary items, which are recognized in terms of historical cost, denominated in foreign currency, are translated using exchange rates effective at the date of transactions.

n. New accounting pronouncements

New amendments of mandatory application of IFRS from the periods beginning on January 1, 2017

The application of the following amendments to IFRSs are mandatory for the first time for annual periods beginning on or after January 1, 2017:

Amendments to IFRS	Effective date
Disclosure Initiative (amendments to IAS 7: Statement of cash flows). Recognition of deferred tax assets for unrealize losses (Amendments to IAS 12 Income tax). Annual improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 12).	Annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

Upon the Company's assessment of the impact of these amendments, no significant impact was identified.

New accounting pronouncements issued whose application is not in force

The following new standards, amendments and interpretations have been issued, and are effective or annual periods beginning after January 1, 2017, with earlier adoption permitted. However, they have not been previously applied in the preparation of these financial statements. Those that might be relevant to the Company are detailed below

New requirements and amendments	Effective date
IFRS 15: Revenue from contracts with customers. IFRS 9: Financial instruments Transfer to Investment Property (amendments to IAS 40) Annual improvements to IFRSs 2014-2016 Cycle (amendments to IFRS 1 and IAS 28) IFRIC 22: Foreign currency transactions and advance consideration	Annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.
IFRS 16: Leases.	Annual periods beginning on or after January 1, 2019. Earlier adoption is permitted for entities applying IFRS 15 on or before the initial application date of IFRS16.
IFRIC 23: Uncertainty over Income tax treatments.	Annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

The impact of this new accounting pronouncements is being evaluated by the Company; however, any change as a result of the evaluation will be made in 2018.

4. FINANCIAL RISK MANAGEMENT

Due to the nature of its activities, the Company is exposed to risks which are managed through a continuous identification, measurement and monitoring process subject to the risk limits and other controls. This risk management process is critical for the profitability of the Company and Management is responsible for the risk exposures related to operations.

The independent risk control process does not include business risks such as changes in the environment, technology and industry which are monitored through the corporate strategic planning process. Financial instruments that are affected by market risks include accounts receivable and accounts payable.

The Company's Management is aware of the current market conditions and, based on its knowledge and experience, reviews and agrees on policies to manage each of these risks which are further described.

Notes forming part of the Financial Statements

i. Currency risk

The currency risk is the risk that the fair value or future cash flows of a financial instrument may be affected by changes in exchange rates. The Company performs almost all of its transactions in its functional currency (Soles) to mitigate the effect of exchange rate exposure. The Company does not hedge its exposure to currency risk.

The summary of quantitative data about the Company's exposure to currency risk as reported to the Management of the Company is as follows:

In thousands of U.S. dollars

	2017	2016
Assets		
Cash and cash equivalents	**114**	4
Other receivables	**549**	112
	663	116
Liabilities		
Trade payables	**179**	259
	179	259
Net assets (liabilities)	**484**	(143)

As of December 31, 2017, the exchange rate used by the Company to record balances in foreign currency, published by the Superintendencia de Banca y Seguros y AFP was S/ 3.238 per US$ 1 for assets and S/ 3.245 for liabilities (S/ 3.36 per US$ 1 for assets and S/ 3.352 for liabilities as of December 31, 2016).

As of December 31, 2017 and 2016, the Company recorded a net loss for US$ 22 thousands and US$ 27 thousands.

In case of devaluation or revaluation of U.S. dollar compared to the sol as of December 31, 2017 and 2016 at 10% higher/lower, with all other variables remaining constant, the net profit before income tax would have increased or decreased as follows:

(In thousands of soles)

	Increase/ decrease in soles exchange rate	Effects on results before taxes
2017	**+10%**	**2**
	-10%	**(2)**
2016	+10%	3
	-10%	(3)

ii. Interest rate risk

The Company´s policy is to obtain loans at fixed interest rates mainly. In this regard, Management considers that fair value risk of interest rates is not relevant since the interest rate of its loans does not significantly differ from market interest rates available for the Company for similar financial instruments.

As of December 31, 2017 and 2016, there is no outstanding balance of loans from related party.

iii. Credit risk

Financial assets of the Company are potentially exposed to significant credit risk concentrations, which mainly comprise checking accounts and trade accounts receivable.

The Company presents a significant credit risk due to all sales are made to only one client and trade receivables are due from such client (Banco Financiero); however, Management believes that its exposure to credit risk is mitigated because it is a prestigious client in the financial sector and has not presented problems to fulfill its payment obligations with the Company.

The Company places its liquidity excess in prestigious financial entities, establishes conservative credit policies and constantly assesses existing conditions in the market where the Company operates. As a result, the Company does not expect significant losses arising from the risk.

iv. Liquidity risk

The liquidity risk arises when the Company obtains the necessary funds to meet its obligations. The Company mitigates this risk optimizing the cash management and maintaining access to credit lines and financing through highly qualified financial institutions under reasonable terms, keeping an appropriate liquidity level.

The following are the remaining contractual maturities of financial liabilities at the presentation date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreement:

(In thousands of soles)

	Carrying amount	Contractual cash flow	Less than one year
2017			
Other payables (*)	**68**	**68**	**68**
Trade payables	**2,799**	**2,799**	**2,799**
	2,867	**2,867**	**2,867**
2016			
Other payables (*)	249	249	249
Trade payables	3,356	3,356	3,356
	3,605	3,605	3,605

(*) Excluding items related to taxes and employee benefits.

The Company's policy is to maintain an adequate level of cash and cash equivalents to cover a reasonable percentage of its projected expenses.

v. Capital management risk

The Company's objective on managing capital is to safeguard the capacity to continue as a going concern and provide the expected return to shareholders and respective benefits to stakeholders, as well as maintaining an optimum structure to reduce capital cost. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to stockholders, issue new shares or sell assets to reduce its debt.

The Company monitors its capital based on the leverage ratio. This ratio is calculated by dividing the net debt by the total capital. The net debt is calculated as the total indebtedness (current and noncurrent) less equity as presented in the statement of financial position plus the net debt.

As of December 31, 2017 and 2016, Management believes that it can obtain profits from its operations, which represent returns expected by its stockholders. If the equity requires strengthening, the profits and stockholders' contributions would be capitalized, if necessary.

Notes forming part of the Financial Statements

As of December 31, 2017 and 2016, the net debt to equity ratio was as follows:

(In thousands of soles)

	2017	2016
Total liabilities	**6,816**	6,872
Less: cash and cash equivalents	**(2,899)**	(1,796)
Total adjusted net debts (a)	**3,917**	5,076
Total equity (b)	**2,030**	2,008
Debt to equity ratio (a/b)	**1.93**	2.53

vi. Fair value

Some policies and accounting disclosures of the Company require the measurement of fair values for financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data whenever possible. Fair value are categorized into different levels in a fair value hierarchy based on the inputs used in valuation techniques, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company recognizes the transfer between fair value hierarchy levels at the end of the reporting period when the change occurred.

Below, the carrying amounts and, in turn, the fair values of the financial assets and liabilities. There are no instruments measured at fair values per hierarchy levels 1, 2 or 3.

(In thousands of soles)

	Loans and accounts receivable	Other financial liabilities	Total
As of December 31, 2017			
Financial assets not measured at fair value			
Cash (note 5)	**2,899**	**-**	**2,899**
Trade receivables (note 6)	**1,283**	**-**	**1,283**
Other receivables (note 7)(a)	**515**	**-**	**515**
	4,697	**-**	**4,697**
Financial liabilities not measured at fair value			
Trade payables (note 10)	**-**	**(2,799)**	**(2,799)**
Other payables (note 11)(b)	**-**	**(68)**	**(68)**
	-	**(2,867)**	**(2,867)**

(In thousands of soles)

	Loans and accounts receivable	Other financial liabilities	Total
As of December 31, 2016			
Financial assets not measured at fair value			
Cash (note 5)	1,796	-	1,796
Trade receivables (note 6)	3,543	-	3,543
Other receivables (note 7) (a)	320	-	320
	5,659	-	5,659
Financial liabilities not measured at fair value			
Trade payables (note 10)	-	(3,356)	(3,356)
Other payables (note 11) (b)	-	(249)	(249)
	-	(3,605)	(3,605)

(a) Excluding advances and taxes.

(b) Excluding items related to taxes and employee benefits.

4. CASH

Comprises the following:

(In thousands of soles)

	2017	2016
Cash and petty cash	**2**	2
Checking accounts	**2,897**	1,794
	2,899	1,796

Cash mainly comprise checking accounts held in local banks, in Peruvian soles and U.S. dollars, which are freely available

According to the information provided by Apoyo & Asociados Internacionales S.A.C., the quality of the financial entities in which the Company deposits its cash is classified as follows:

(In thousands of soles)

In thousands of soles	**2017**	2016
Bank deposits		
A+	**2,828**	1,371
A	**69**	423
	2,897	1,794

Notes forming part of the Financial Statements

5. TRADE RECEIVABLES

Comprises the following:

(In thousands of soles)

	2017	2016
Trade receivables – gross	**1,437**	3,543
Less: estimate of impairment of accounts receivable	**(154)**	-
	1,283	3,543

This balance includes S/ 505 thousands in 2017 (S/ 806 thousands for 2016), which corresponds to estimates of income accrued but not billed. Billing for each project is previously agreed upon with the customer, which may take over 30 days.

Trade receivables have current maturities, do not have guarantees and do not accrue interests. The baseline is billed and collected in the month of service and the average credit period granted to the client is 30 days in case of services outside the baseline.

As of December 31, trade receivables include overdue balances for which an impairment estimate for accounts receivable have not been established, and the Company's Management considers that such amounts are still being recoverable. The Company does not have guarantees on these uncollected balances.

The aging summary of these overdue balances is as follows:

(In thousands of soles)

	2017	2016
Not due	**739**	2,701
Between 1 and 90 days	**397**	695
Between 91 and 180 days	**147**	-
More than 180 days	**154**	148
	1,437	3,543
Less: estimate of impairment of accounts receivable	**(154)**	-
	1,283	3,543

6. OTHER RECEIVABLES

Comprises the following:

(In thousands of soles)

	2017	2016
Advance income tax (a)	**845**	618
Advance to personnel (b)	**372**	-
Restricted funds (c)	**227**	-
Advance to suppliers	**31**	320
Prepaid expenses	**8**	-
Other receivables (d)	**476**	-
	1,959	938
Current portion	**1,149**	320
Non-current portion	**810**	618

(a) Corresponds to payments made as a balance in favor of income tax that the Company may apply against the income tax generated in future years.

(b) Corresponds to employee advances as gratification and advance salary.

(c) Corresponds the retained tax by Superintendencia Nacional de Administración Tributaria SUNAT, according to an administrative resolution, to be recovered setoff during 2018.

(d) Corresponds to miscellaneous disbursement made by the Company on behalf of Banco Financiero, which will be recovered in 2018.

7. FURNITURE AND EQUIPMENT

Comprises the following:

(In thousands of soles)

	Computer equipments	Furniture and fixtures	Office equipments	Total
Year 2017				
Cost				
Opening net balances	**259**	**1,102**	**782**	**2,143**
Additions	**-**	**3**	**-**	**3**
As of December 31, 2017	**259**	**1,105**	**782**	**2,146**
Depreciation				
Opening net balances	**135**	**407**	**255**	**797**
Additions	**92**	**333**	**189**	**614**
As of December 31, 2017	**227**	**740**	**444**	**1,411**
Net carrying amount at year-end	**32**	**365**	**338**	**735**
Year 2016				
Cost				
Opening net balances	259	1,096	782	2,137
Additions	-	6	-	6
As of December 31, 2016	259	1,102	782	2,143
Depreciation				
Opening net balances	21	59	38	118
Additions	114	348	217	679
As of December 31, 2016	135	407	255	797
Net carrying amount at year-end	124	695	527	1,346

The Company has hired insurance policies to cover possible risks which certain items of its furniture and equipment are exposed to. The Company is aware that those policies sufficiently cover the risks they are exposed to.

Notes forming part of the Financial Statements

The depreciation expense for the year ended December 31, 2017 and 2016 has been allocated to profit or loss as follows:

(In thousands of soles)

	Note	2017	2016
Statement of profit or loss and other comprehensive income			
Cost of services	15	**614**	679
		614	679

The Company's Management considers that there are no situations that indicate that the value of its furniture and equipment may be impaired.

8. DEFERRED TAX ASSETS

Comprises the following:

(In thousands of soles)

	As of January 1, 2016	Credit (charge) to profit or loss	As of December 31, 2016	**Credit (charge) to profit or loss**	**As of December 31,2017**
Tax carryforward losses (nota 13.d)	213	327	540	**595**	**1,135**
Provision for accrued vacations and bonuses	198	302	500	**138**	**638**
Depreciation of furniture and equipment	12	83	95	**62**	**157**
Provisions	-	27	27	**11**	**38**
Others	-	95	95	**(93)**	**2**
Deferred tax assets	423	834	1,257	**713**	**1,970**

9. TRADE PAYABLES

Comprises the following:

(In thousands of soles)

	2017	2016
Trade payables	**880**	1,447
Accrued expenses (a)	**1,427**	1,835
Related parties (note 18.b)	**492**	74
	2,799	3,356

(a) Trade invoices payable corresponds to provisions for services received but not billed.

(b) Trade invoices payable with related parties correspond to back office service.

The average credit period granted by local suppliers ranges between 1 and 30 days.

10. OTHER PAYABLES

Comprises the following:

(In thousands of soles)

	2017	2016
Vacations	**2,138**	1,695
Value-added tax (VAT)	**639**	527
Other employee benefits	**375**	349
Pension fund administrators – AFP	**258**	259
Essalud	**187**	184
Taxes	**185**	179
Salaries	**167**	74
Others	**68**	249
	4,017	3,516

11. EQUITY

a Share capital

As of December 31, 2017 and 2016, the capital is represented by 5,462,522 authorized, subscribed and paid-in common shares with a par value of S/ 1 each. As of December 31, 2017 and 2016, the share capital amounts to S/ 5,463 thousands

The share capital structure of the Company is as follows:

Individual equity interest (%)	Shareholders	Shareholders No.	Interest %
Up to 1	Tata Consultancy Services Chile S.A.	1	0.0000002
From 1.01 to 100	TCS Inversiones Chile Limitada	1	0.9999998
		2	**1.00**

b Accumulated loss

The Income Tax Law was amended to provide that the domiciled legal entities that agree to the distribution of dividends or any other form of distribution of profits will apply the following rates: (i) 6.8% for 2016 and (ii) 5% for 2017 and beyond, of the amount to be distributed, except when the distribution is made in favor of legal entities domiciled.

There are no restrictions for dividend remittance or capital repatriation to foreign investors.

12. TAX MATTERS

Tax regime applicable to income tax

Tax rates

A. The Company is subject to the Peruvian tax regime. As of December 31, 2017 and 2016, income tax is calculated on the basis of the net taxable income determined by the Company at a rate of 29.5% and 28%, respectively.

By means of Legislative Decree 1261, published on December 10, 2016 and effective January 1, 2017, the rate applicable to corporate income was modified to 29.5%.

Thus, the rates applicable to Corporate Income Tax for the last taxable years are as follows :

For years 2015 - 2016	28.0%
For year 2017 onwards	29.5%

Notes forming part of the Financial Statements

The Decree also established the modification of the income tax rate applicable to dividend distribution and any other form of profit distribution to 5%, in the case of profits generated and distributed since January 1, 2017.

For years 2017 and 2016, the income tax rate for dividend distribution and any other form of profit distribution applicable to legal persons not domiciled in Peru and natural persons is 5 and 6.8%, respectively.

In summary, the rates applicable to income tax on dividends for the last taxable years are as follows:

For years 2015 - 2016	6.8%
For year 2017 onwards	5.0%

It shall be presumed that the distribution of dividends or any other form of profit distribution correspond to the retained earnings or other items that could generate older taxable dividends.

In accordance with current Peruvian tax legislation, non-domiciled individuals only pay taxes for its Peruvian source income. Thus, in general terms, revenues obtained by non-domiciled individuals from the services rendered in the country shall be subject to a 30% income tax on gross income, provided that no double tax treaties are applicable. On this concern, currently Peru has entered into double tax treaties with the Andean Community, Chile, Canada, Brazil, Portugal, Switzerland, Mexico and South Korea.

Concerning the technical assistance or digital services rendered by non-domiciled individuals to domiciled individuals, regardless of the place where the service is rendered, they shall be subject to a 15 and 30% income tax rate on gross income, respectively. Technical assistance will be subject to a 15% rate, provided that Income Tax Law requirements are met.

Income tax determination

B. The Company has not computed its taxable income for the years ended December 31, 2017 and 2016, and determined deferred income tax of S/ 713 thousands and S/ 834 thousands, respectively.

Income tax expense comprises:

(In thousands of soles)

	Note	2017	2016
Deferred tax	9	**713**	834
		713	834

Reconciliation of income tax effective rate to tax rate:

(In thousands of soles)

	2017		2016	
Loss before income tax	**(691)**	**100.00%**	(3,622)	100.00%
Tax calculated	**(204)**	**(29.50%)**	(1,014)	(28.00%)
Tax effect on additions and deductions:				
Non - temporary differences	**169**	**24.45%**	243	6.70%
Adjustment for change on tax rate	**13**	**1.88%**	(63)	(1.73%)
Current and deferred income tax recorded at the effective rate	**(713)**	**(3.17%)**	(834)	(23.03%)

Compensating tax loss

C. In accordance with current tax legislation, there are two systems for offsetting the tax loss carryforward. System A consists of the use of the tax loss generated from the year of its accrual and with a maximum term of four years for its use, after that period it is considered that said tax loss has prescribed. System B establishes that the tax loss carry forward does not prescribe and that it may be used until it is exhausted, compensating only 50% of the taxable matter generated in the year. The occasion of the election of the tax loss carry forward will be given on the occasion of the presentation of the annual affidavit of the Income Tax in the first year of its generation and will not be subject to subsequent modifications until the losses are exhausted or extinguished. As of December 31, 2017, Technology Outsourcing S.A.C., which opted for system B.

As of December 31, 2017, the Company has accumulated losses of S/ 3,847 thousands, the aging summary of these accumulated losses are as follows:

	(In thousands of soles)
2015	762
2016	1,067
2017	2,018
	3,847

Temporary tax on net assets

D. The Company is subject to the Temporary Tax on Net Assets, whose taxable base is constituted by the net assets adjusted at the end of the previous year to which the payment corresponds, less depreciation, amortization, demandable reserve and provisions Credit risk. The tax rate is 0.4% for years 2017 and 2016 and is applied to the amount of net assets exceeding S/ 1 million. It may be paid in cash or in nine consecutive monthly installments. The paid amount can be used as a credit against payments on account of Income Tax General Regime for taxable periods from March to December of the fiscal period for which the tax was paid until maturity date of each of the payments on account, and as a credit for regularization payments of income tax of corresponding taxable period. In case of remaining a balance remaining unapplied can be requested in return.

Tax on financial transactions

E. For fiscal years 2017 and 2016, the rate of the Tax on Financial Transactions has been set at 0.005% and is applicable on charges and credits in bank accounts or movements of funds through the financial system, unless it is Find exonerated.

Transfer pricing

F. According to Tax Authorities' resolution 014-2018-SUNAT, published on January 18, 2018, the Electronic Form 3560 was approved for presentation of the tax return purposes, establishing the deadlines for its presentation and the content and format that should be therein included.

Thus, the deadline for the presentation of the tax return for the year 2016 will be April 2018, in accordance with the maturity schedule published by the Tax Authority. The tax return for the year 2017 shall be presented in June 2018 according to the schedule of monthly tax obligations agreed for the tax period of May published by the Tax Authority.

The content and format of the tax return are stated in the Appendixes I, II, III and IV of the Tax Authorities' resolution 014-2018-SUNAT.

Likewise, the Decree 1312 also established that intra-group services with low added value shall not have a margin greater than 5% of their costs. Concerning the services rendered between related parties, taxpayers must comply with the benefit test and provide the documentation and information under specific conditions for the deduction of costs or expenses.

Legislative Decree 1116 established that Transfer Pricing Standards are not applicable for sales tax (IGV, for its Spanish acronym) purposes.

The Company is not required, by any state regulatory body, to conduct a transfer price study.

Notes forming part of the Financial Statements

Tax review of the tax authority

G. The tax authority has the power to review and, if applicable, to correct the income tax calculated by the Company in the four years following the year of filing the tax return. The sworn declarations of the income tax and general sales tax for the years 2015 to 2017 of the Company are pending inspection by the Tax Authority.

Due to the possible interpretations that the tax authorities can give to the current legal norms, it is not possible to determine, to date, if the revisions that are made will or will not be liabilities for the Company, reason why any greater tax or surcharge that Could result from eventual tax reviews would be applied to the results of the year in which it is determined. In the opinion of the Company's management and its legal advisors, any eventual additional tax settlement would not be significant for the financial statements as of December 31, 2017 and 2016.

Tax regime of the general tax on sales

H. Legislative Decree No. 1347, published on January 7, 2017, the reduction of one percentage point of the General Sales Tax rate was established as from July 1, 2017, provided that it complies with the goal of annualized collection as of May 31, 2017 of the General Sales Tax net of internal returns of 7.2% of GDP. That is, as long as this condition is met, the General Sales Tax rate (including the MPI) will be reduced from 18 to 17%.

However, given that the proposed collection goal was not met at the end of the term, the General Sales Tax rate remains at 18%.

13. REVENUE

Comprises the following:

(In thousands of soles)

	2017	2016
Consultancy services	**45,920**	43,123
Sale of equipment and software licenses	**656**	1,984
	46,576	45,107

14. COST OF SALES

Comprises the following:

(In thousands of soles)

	2017	2016
Personnel expenses (note 17)	**36,717**	34,065
Third party services (a)	**6,316**	7,776
Depreciation (note 8)	**614**	679
Provisions	**-**	363
Cost of equipment and software licenses	**447**	3,325
Others	**549**	1,247
	44,643	47,455

(a) The services received by third parties mainly comprise the following:

(In thousands of soles)

	2017	2016
Projects services (a)	**3,346**	4,263
Rent office and equipment	**1,923**	1,518
Conveyance	**261**	118
Electric power	**104**	24
Security services	**63**	-
Link satellite, fixed and mobile telephone.	**47**	57
Banking expenses	**21**	-
Other services	**551**	1,796
	6,316	7,776

(a) This item refers to services provided by third parties companies in the infrastructure and IT projects.

15. ADMINISTRATIVE EXPENSES

Comprises the following:

(In thousands of soles)

	2017	2016
Personnel expenses (note 17)	**1,842**	777
Third party services	**1,017**	1,407
Others	**174**	129
	3,033	2,313

16. PERSONNEL EXPENSES

Comprises the following:

(In thousands of soles)

	Cost of services (note 15)		Administrative expenses (note 16)	
	2017	2016	2017	2016
Salary basic	**20,932**	19,250	**1,080**	464
Social security and provision	**2,932**	2,761	**115**	41
Bonus	**49**	-	**23**	-
Unemployment insurance	**2,125**	1,937	**86**	64
Conveyance	**928**	629	**38**	15
Other personnel expenses	**253**	222	**76**	38
Food cupons	**1,888**	1,894	**27**	13
Other salaries	**1,582**	1,367	**121**	18
Vacation leave	**1,708**	2,319	**93**	34
Gratification	**4,320**	3,686	**183**	90
	36,717	34,065	**1,842**	777

Notes forming part of the Financial Statements

17. RELATED PARTIES

Comprises the following:

A. Trade receivables

(In thousands of soles)

	2017	2016
Tata Consultancy Services Limited	69	-
	69	-

B. Trade payables

(In thousands of soles)

	2017	2016
TCS Inversions Chile Ltda.	265	-
Tata Consultancy Services Limited	162	-
TCS Chile S.A.	65	74
	492	74

C. Transactions

The following overhead services were made with related parties:

(In thousands of soles)

	2017	2016
TCS Chile S.A.	634	1,019
TCS Inversions Chile Ltda.	268	-
Tata Consultancy Services Limited	164	-
	1,066	1,019

D. Transactions with key management personnel

As of December 31, 2017 and 2016, key management personnel of the Company is located in Tata Consulting Services Perú.

18. CONTINGENCIES AND GUARANTEES

As of December 31, 2017 and 2016, there were no contingencies and guarantees.

19. SUBSEQUENT EVENTS

On October 23, 2015 Technology Outsourcing S.A.C. and Banco Financiero del Peru entered into a Master Outsourcing Agreement by which Technology Outsourcing S.A.C. would provide outsourcing services for the Operational and Technology areas of Banco Financiero del Peru (including Back Office, Front Office and IT Services). In July 2017, due to a change in its business strategy, Banco Financiero del Peru requested TCS to recover the Front Office component of the deal.

On February 20, 2018, the Board of Directors of TCS Iberoamerica S.A. approved the rollback of the Front Office component effective March 1, 2018 and recommended Shareholders of Technology Outsourcing S.A.C. the approval of the same, using a corporate reorganization under the simple reorganization modality to materialize the transaction. This scheme consists of realizing the transfer of assets, liabilities and workers in favor of a new company called Technology Outsourcing Servicios Operativos S.A.C. (TOSO) via a simple reorganization process. Upon the entry into force of said process TOSO is the owner of the segregated assets linked to the Front Office service, as well as the employer of the workers (and, therefore, of the liabilities linked to them). After this, Banco Financiero del Peru would acquire the shares of TOSO through purchase and sale of the same. The price of the transfer of the shares was determined in S/ 985 thousands based on the fiscal value of assets as of January 31, 2018.

Notes forming part of the Financial Statements

On February 26, 2018 the Shareholders of Technology Outsourcing S.A.C. approved the rollback of the Front Office involving the transfer of 332 employees, assets and liabilities as per the detail below:

(In thousands of soles)

	Total
Assets	
Cash	**761**
Furniture and equipment	**985**
Total assets	**1,746**

(In thousands of soles)

Liabilities	
Bonuses	**83**
Benefits (compensation for time served)	**148**
Vacations	**530**
Total liabilities	**761**

TCS e-Serve America, Inc.

(Company Registration Number: 26-4254427)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS
TCS E-SERVE AMERICA, INC.

Report on the Financial Statements

We have audited the accompanying financial statements of TCS e-Serve America, Inc., which comprise the balance sheet as of December 31 , 2017, the related statement of income, changes in stockholders equity, and cash flow for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects. the financial position of TCS e-Serve America, Inc. as of December 31 , 2017, and the results of its operations and its cash flow for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matter

The accompanying financial statements of TCS e-Serve America, Inc. as of December 31,2016 and for the year then ended were audited by other auditors whose report there on dated March 30, 2017, expressed an unmodified opinion on those financial statements.

For KPMG
Chartered Accountants

Mumbai, India
March 13,2018

Balance Sheet

(Figures in USD)

	As at December 31, 2017	As at December 31, 2016
ASSETS:		
CURRENT ASSETS		
Cash and cash equivalents	**1,753,716**	2,385,203
Trade accounts receivable	**3,630,514**	1,570,688
Unbilled revenues	**1,439,098**	584,582
Prepaid expenses and other current assets (Note 3)	**480,211**	499,208
TOTAL CURRENT ASSETS	**7,303,539**	5,039,681
NON CURRENT ASSETS		
Property, plant and equipment, net (Note 4)	**551,432**	802,798
Deferred tax Asset (Note 8)	**-**	-
TOTAL NON CURRENT ASSETS	**551,432**	802,798
TOTAL ASSETS	**7,854,971**	5,842,479
LIABILITIES AND STOCKHOLDERS' EQUITY:		
CURRENT LIABILITIES		
Trade payables and accrued expenses (Note 5)	**4,967,776**	4,464,470
Other current laibilities	**348,842**	106,256
TOTAL CURRENT LIABILITIES	**5,316,618**	4,570,726
NON CURRENT LIABILITIES		
Other non-current liabilities (Note 6)	**69,067**	98,833
TOTAL NON CURRENT LIABILITIES	**69,067**	98,833
TOTAL LIABILTIIES	**5,385,685**	4,669,559
STOCKHOLDERS' EQUITY		
Common stock (Note 7)	**276,000**	276,000
Retained earnings	**2,193,286**	896,920
TOTAL STOCKHOLDERS' EQUITY	**2,469,286**	1,172,920
TOTAL LIABILTIES AND STOCKHOLDERS' EQUITY	**7,854,971**	5,842,479

See accompanying notes to the Financial Statements

On behalf of the Board

Latesh Sewani
Director and Treasurer

Narasimhan Srinivasan
Director

Statements of Income for the year ended December 31, 2017 and 2016

(Figures in USD)

	2017	2016
Revenue	**23,058,581**	11,614,373
Cost of revenues	**21,038,873**	13,149,380
Gross profit/(loss)	**2,019,708**	(1,535,007)
Operating expenses		
Selling, general and administrative expenses	**714,933**	551,217
Operating income	**1,304,775**	(2,086,224)
Other income		
Rent income (net)	**-**	98,576
Total other income, net	**-**	98,576
Income before taxes	**1,304,775**	(1,987,648)
Income taxes (Note 8)	**8,409**	
Net income	**1,296,366**	(1,987,648)

See accompanying notes to the Financial Statements

On behalf of the Board

Latesh Sewani
Director and Treasurer

Narasimhan Srinivasan
Director

Statement of Stockholder's Equity

(Figures in USD, except stock data)

	Number of common stocks	Common Stock	Retained Earnings	Total Stock Holders' Equity
Balance as at December 31,2015	27,600	276,000	2,884,568	3,160,568
Net loss and comprehensive loss	-	-	(1,987,648)	(1,987,648)
Balance as at December 31,2016	27,600	276,000	896,920	1,172,920
Net income and comprehensive income	-	-	1,296,366	1,296,366
Balance as at December 31,2017	**27,600**	**276,000**	**2,193,286**	**2,469,286**

See accompanying notes to the Financial Statements

On behalf of the Board

Latesh Sewani
Director and Treasurer

Narasimhan Srinivasan
Director

Statement of Cash Flows for the year ended December 31,2017 and 2016

	2017	2016
Cash flows from operating activities:		
Net income/(loss)	**1,296,366**	(1,987,648)
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	**367,465**	382,607
Changes in assets and liabilities, net:		
(Increase) decrease in trade accounts receivables	**(2,059,826)**	(268,977)
(Increase) decrease in unbilled revenues	**(854,516)**	(262,903)
(Increase) decrease in prepaid expenses and other current assets	**18,997**	84,488
(Increase) decrease in other non current assets	**-**	2,146
Increase (decrease) in trade payables and accrued expenses	**503,306**	3,650,242
Increase (decrease) in other current liabilities	**242,586**	82,785
Increase (decrease) in other non current liabilities	**(29,766)**	(22,023)
Net cash flows from operating activities	**(515,388)**	1,660,717
Cash flows from investing activities:		
Purchase of property, plant and equipment	**(116,099)**	(62,872)
Net cash used in investing activities	**(116,099)**	(62,872)
Cash flow from financing activities:	**-**	-
Net increase/(decrease) in cash and cash equivalents	**(631,487)**	1,597,845
Cash and cash equivalents at the beginning of the year:	**2,385,203**	787,358
Cash and cash equivalents at the end of the year:	**1,753,716**	2,385,203
Supplementary cash flow information:		
Income tax paid	**2,527**	4,119

See accompanying notes to the Financial Statements

On behalf of the Board

Latesh Sewani
Director and Treasurer

Narasimhan Srinivasan
Director

Notes forming part of the Financial Statements

1. COMPANY BACKGROUND

TCS e-Serve America, Inc. (the "Company") is engaged in the business of providing business process outsourcing (BPO) services, in United States of America. The Company was incorporated in the State of Delaware, United States of America on February 10, 2009. TCS e-Serve America, Inc. is a wholly owned subsidiary of TCS e-Serve International Limited. Tata Consultancy Services Limited is the intermediate holding company. Tata Sons Limited is the ultimate holding company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Use of Estimates
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, disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant items subject to such estimates and assumptions include, the useful lives of fixed assets, allowances for uncollectible trade accounts receivable, deferred tax assets, income tax uncertainties and other contingencies. There are no material estimates in these financial statements that are susceptible to change as more information becomes available.

Revenue Recognition
Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Revenue on unit priced contracts is recognised as the related services are rendered.

Revenue in excess of billings is recognised as unbilled revenues in the balance sheet. Revenues are recognised only when collectability of the resulting receivable is reasonably assured and are reported net of discount and taxes, if any.

Cost Recognition
Costs and expenses are recognized when incurred and have been classified according to their primary functions in the following categories:

Cost of Revenues

These costs primarily include employee compensation of personnel engaged in providing business process outsourcing services, travel expenses, depreciation of computer equipment, rental expenses, communication costs and other project related costs.

Selling, General and Administrative Expenses

Selling costs primarily include employee compensation for sales and marketing personnel and travel costs. General and administrative costs primarily include legal and professional fees and other general expenses.

Income Taxes

Income tax expense comprises current tax expense and net change of deferred tax asset or liability during the year. Interest and penalties in relation to income taxes are considered to be part of income tax expense.

Current Income Taxes

Federal and State taxes are computed in accordance with the tax laws applicable in United States which is the jurisdiction in which the Company operates.

Deferred Taxes

The Company accounts for income taxes using the asset and liability approach. Deferred income taxes are provided for the differences between the tax bases of assets or liabilities and their carrying value, using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. A valuation allowance is established when necessary to reduce deferred income tax assets to the amount expected to be realized. Deferred taxes are measured by applying the provisions of enacted tax laws to taxable income.

Uncertain tax positions are recognized using the more likely than not threshold, solely based on technical merits that tax positions will sustain on examination. Tax positions that meet there cognition threshold are measured as the largest

Notes forming part of the Financial Statements

amount of benefit that is greater than fifty percent likely of being realized upon settlement with the relevant taxing authority that has full knowledge of all relevant information. Interest and penalties relating to uncertain tax positions are recognised in selling, general and administrative expenses.

Cash and Cash Equivalents
Cash and cash equivalents consist of highly liquid financial instruments including bank deposits,which are readily convertible into cash and have original maturities of three months or less from the date of purchase.

Trade Account Receivables
Allowances for doubtful accounts is provided as per documented policy. As per this policy, assessment of allowance towards doubtful receivables is done on the basis of an ageing matrix and external factors that indicates any event of the clients financial condition resulting in the probable impairment of the receivable

Compensated Absences
The Company provides for the cost of vacation earned but not availed based on the number of days of carry forward entitlement at each balance sheet date.

Property, Plant and Equipment
Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives as follows:

Type of asset	Method	Estimated useful life
Computer equipment	Straight line method	4 years
Furniture, Fixtures and equipment	Straight line method	5 years

Impairment of long - lived assets
Whenever events or circumstances indicate the carrying amount of long-lived assets may not be recoverable, the Group subjects such assets to a test of recoverability based on the undiscounted cash flows estimated to be generated by the asset or asset group. If the asset is impaired, the Group recognizes an impairment loss as the difference between the carrying value of the asset and fair value. As of December 31, 2017 and December 31, 2016, none of the Group's long-lived assets was considered impaired

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.

Recently issued and adopted accounting standards
In November 20, 2015, FASB issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes,requiring all deferred tax assets and liabilities, and any related valuation allowance, to be classified as non-current on the balance sheet. The classification change for all deferred taxes as non-current simplifies entities' processes as it eliminates the need to separately identify the net current and net non-current deferred tax asset or liability in each jurisdiction and allocate valuation allowances. These changes become effective for the companies on fiscal years beginning after December 15,2017, but an earlier adoption is permitted. The Company has early adopted this ASU effective from fiscal year beginning January 1, 2017.

Recently issued accounting standards
ASU 2014-09, Revenue from Contracts with Customers - Issued May 2014, was scheduled to be effective for the Company beginning January 1, 2017, however on July 9, 2015, the FASB approved the proposal to defer the effective date of the ASU for non-public companies to January 1, 2019 with an option to elect to adopt the ASU as of the original effective date. The new standard is intended to substantially enhance the quality and consistency of how revenue is reported while also improving the comparability of the financial statements of companies using U.S. generally accepted accounting principles (GAAP) and those using International Financial Reporting Standards (IFRS). The core principle of ASU 2014-09 is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also addresses the accounting for some costs to obtain or fulfill a customer contract and provides a set of disclosure requirements intended to give financial statement users comprehensive information about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts. The Company is currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet. Most prominent among the amendments is the recognition of assets and liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. Under the new standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The new standard will be effective for us beginning January 1, 2019, with early adoption permitted. The Company is currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

In March 2017, the FASB issued Accounting Standards Update No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post retirement Benefit Cost ("ASU 2017-07"). The update requires employers to present the service cost component of the net periodic benefit cost in the same income statement line item as other employee compensation costs arising from services rendered during the period. The other components of net benefit cost, including interest cost, expected return on plan assets, amortization of prior service cost/credit and actuarial gain/loss, and settlement and curtailment effects, are to be presented outside of any subtotal of operating income. Employers will have to disclose the line(s) used to present the other components of net periodic benefit cost, if the components are not presented separately in the income statement. ASU 2017-07 is effective for fiscal years and interim periods beginning after December 15,2017, and early adoption is permitted. The Company is currently evaluating the impact of adoption on its financial statements and related disclosures.

3. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets comprise of the following:

	As at December 31, 2017	As at December 31, 2016
Prepaid expenses	**62,387**	65,155
Advance tax / Witholding tax	**389,867**	387,340
Other receivables		
Related party (Note 11)	**-**	19,639
Current portion of employee advances	**9,210**	8,085
Advance to suppliers	**5,914**	18,989
Other current assets	**12,833**	-
Total	**480,211**	499,208

4. PROPERTY, PLANT AND EQUIPMENT, NET

The property, plant and equipment at cost and accumulated depreciation as at December 31, 2017 and December 31, 2016 are as under:

(Figures in USD)

	As at December 31, 2017	As at December 31, 2016
Computer equipment	**839,862**	826,176
Furniture, Fixtures and equipment	**1,219,844**	1,174,703
Property, plant and equipment at cost	**2,059,706**	2,000,879
Less: Accumulated depreciation	**(1,565,546)**	(1,198,081)
	494,160	802,798
Add: Capital WIP	**57,272**	-
Property, plant and equipment, net	**551,432**	802,798

Depreciation expense for the year ended December 31, 2017 and December 31, 2016 was USD 367,466 and USD 382,607 respectively.

Notes forming part of the Financial Statements

5. TRADE PAYABLES AND ACCRUED EXPENSES

Trade Payables and accrued expenses comprise of the following:

(Figures in USD)

	As at December 31, 2017	As at December 31, 2016
Trade payable to related party(Note 10)	**3,572,412**	3,290,907
Trade payable to others	**99,797**	124,138
Accrued expenses	**422,257**	535,901
Accrued payroll	**830,747**	487,649
Indirect taxes payable and other statutory liabilities	**42,563**	25,875
Total	**4,967,776**	4,464,470

6. OTHER NON -CURRENT LIABILITIES

Other non -current liabilities comprise of the following:

	As at December 31, 2017	As at December 31, 2016
Rent escalation liability	**69,067**	98,833
Total	**69,067**	98,833

7. STOCKHOLDERS' EQUITY

The Company is having authorised and issued 27,600 common stocks, having par value $ 10 perstock (previous year 27,600 common stocks). Holders of common stock are entitled to one vote per stock on all matters submitted to a vote of the Corporation's stockholders, including the election of directors, and do not have cumulative voting rights, and entitled to receive ratably those dividends if any, as may be declared by the Board of Directors out of legally available funds. Upon Corporation's liquidation or dissolution or winding up, the holders of common stock are entitled to receive all ratable the net assets legally available for distribution to stockholders after the payment of all of the Corporation's debts and other liabilities. The holders have no preemptive, conversion or other subscription rights and there are no redemption or sinking fund provisions with respect to such common stocks.

8. INCOME TAXES

The income tax expenses consist of the following:

(Figures in USD)

	For the year ended December 31, 2017	For the year ended December 31, 2016
Current tax expenses/(benefit)	**8,409**	-
Deferred tax (benefit)/ expenses	**-**	-
Total	**8,409**	-

Effective tax rate for current year differs from statutory rate mainly on account of valuation allowance created on deferred tax assets.

Notes forming part of the Financial Statements

Deferred tax assets and liabilities as at December 31, 2017 and 2016 consist of the following:

(Figures in USD)

	As at December 31, 2017	As at December 31, 2016
Compensated absences	**45,528**	27,666
Rent escalation liability	**19,435**	41,091
Net operating loss	**253,697**	726,449
Deferred tax asset	**318,661**	795,206
Less: Valuation allowance	**(248,797)**	(586,333)
Total net deferred tax assets	**69,864**	208,873
Depreciation on tangible assets	**69,864**	208,873
Deferred tax liability	**69,864**	208,873
Net deferred tax asset (liability)	**-**	-
Classified as:		
Current deferred tax asset	**-**	-
Non-current deferred tax Liability	**-**	-
Total	**-**	-

Movement in Valuation Allowance:

The change in the total valuation allowance for deferred tax assets as at December 31, 2017 and 2016 is as follows:

(Figures in USD)

	As at December 31, 2017	As at December 31, 2016
Opening Valuation Allowance	**586,333**	197,880
(Reduction)/increase during the year	**(337,536)**	388,453
Closing Valuation Allowance	**248,797**	586,333

9. DEFINED CONTRIBUTION PLAN

The Company has a defined contribution plan qualifying under the pension scheme of Section 401(k). Eligible employees may elect to defer up to 50% of their total compensation each year, not to exceed the annual limitations established by the Internal Revenue Code. The Company's contributions were USD 133,612 for the year ended December 31, 2017; (for the year ended December 31, 2016: USD 94,806).

10. LEASES

Rental expenses for operating lease, annually renewable, were USD 433,640 and USD 609,242 for the year ended December 31, 2017 and December 31, 2016, respectively.

Future minimum operating lease commitments under non-cancellable operating leases are as follows:

(Figures in USD)

Year ending December 31:	
2018	**317,446**
2019	**325,441**
2020	**232,416**
Total minimum lease payments	**875,303**

Notes forming part of the Financial Statements

11. RELATED PARTY TRANSACTIONS

TCS e-Serve America, Inc's principal related parties consist of its ultimate holding company, Tata Sons Limited, its intermediate holding company Tata Consultancy Services Limited ("TCS") and its subsidiaries and affiliates.

Year ended December 31, 2017

(Figures in USD)

Nature of transactions	**With Tata Sons Limited**	**With TCS**	**With Subsidiaries of TCS**	**Total**
Rent expense	-	-	(43,867)	(43,867)
Rent income	-	(229,468)	(56,920)	(286,388)
Expenses reimbursed	-	3,544,340	511,289	4,055,629
Purchase of goods and services	-	4,922,038	-	4,922,038
Revenue from consultancy services		-	(10,746,666)	(10,746,666)
Brand equity contribution	47,286	-	-	47,286

Balances with related parties	**With Tata Sons Limited**	**With TCS**	**With Subsidiaries of TCS**	**Total**
BALANCES PAYABLES TO RELATED PARTIES				
Trade payable	-	(3,480,800)	(91,612)	(3,572,412)
Unearned revenue	-	-	(249,493)	(249,493)
Accrued expenses	-	(152,148)	-	(152,148)
BALANCES RECEIVABLE FROM RELATED PARTIES				
Trade accounts receivables	-	40,989	1,876,990	1,917,979
Unbilled revenue	-	-	1,261,720	1,261,720
Other current assets	-	12,833	-	12,833

Year ended December 31,2016

Nature of transactions	With Tata Sons Limited	With TCS	With Subsidiaries of TCS	Total
Rent expense	-	-	136,620	136,620
Rent income	-	(390,612)	(350,218)	(740,830)
Expenses reimbursed	-	(387,959)	(410,601)	(798,560)
Purchase of goods and services	-	3,207,049	11,254	3,218,303
Revenue from consultancy services	-	-	-	-
Brand equity contribution	-	-	-	-

Balances with related parties	With Tata Sons Limited	With TCS	With Subsidiaries of TCS	Total
BALANCES PAYABLES TO RELATED PARTIES				
Trade payable	-	(3,090,561)	(200,346)	(3,290,907)
Unearned revenue	-	-	-	-
Accrued expenses	-	-	-	-
BALANCES RECEIVABLE FROM RELATED PARTIES				
Trade accounts receivables	-	60,262	75,483	135,745
Unbilled revenue	-	-	-	-
Other current assets	-	19,639	-	19,639

Notes forming part of the Financial Statements

12. CONCENTRATIONS OF CREDIT RISK

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counter parties whose aggregate credit exposure is material in relation to the Company's total credit exposure.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, trade accounts receivable and unbilled revenues.

TCS e-Serve America, Inc. has a customer concentration of risk as 41% of the revenues (as at December 31, 2016: 68%), 62% of trade accounts receivable and unbilled revenue (as at December 31, 2016: 60%) are from single customer.

The Company maintains its cash and cash equivalents with a single bank, which exceeds the federally insured limits. Management periodically evaluates the credit worthiness of the bank and the Company has not experienced any losses on deposits.

13. SUBSEQUENT EVENTS

TCS e-Serve America, Inc. has evaluated subsequent events from the balance sheet date through March 13, 2018 the date on which the financial statements were available to be issued, and determined that there are no other items to disclose.

On behalf of the Board

Latesh Sewani
Director and Treasurer

Narasimhan Srinivasan
Director

CMC eBiz, Inc

(Reg 27-4677804)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended
March 31, 2018

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

CONTENTS	PAGE

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF
CMC eBiz, Inc.

Report on the Special Purpose Ind AS Financial Statements

We have audited the accompanying Special Purpose Ind AS financial statements of CMC eBiz, Inc. ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the Ind AS financial statements'). The Special Purpose Ind AS financial statements have been prepared by the management as described in Note 2(a) to the Special Purpose Ind AS financial statements.

Management's Responsibility for the Special Purpose Ind AS Financial Statements

Management is responsible for the preparation of these Special Purpose Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ('the Act') as described in Note 2(a) to the Special Purpose Ind AS financial statements.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Special Purpose Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder, to the extent applicable.

We conducted our audit of the Special Purpose Ind AS financial statements in accordance with the Standards on Auditing specified under subsection 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Special Purpose Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Special Purpose Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Special Purpose Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Special Purpose Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's management, as well as evaluating the overall presentation of the Special Purpose Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view of the state of affairs of the Company as at 31 March 2018 and its loss (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date in accordance with the basis of accounting described in Note 2(a) to the Special Purpose Ind AS financial statements.

Basis of Accounting and Restriction on Use

We draw attention to Note 2(a) to the Special Purpose Ind AS financial statements, which describes the basis of accounting. The Special Purpose Ind AS financial statements are prepared to assist the ultimate holding Company, Tata Consultancy Services Limited, to comply with the requirements of Section 129(3) of the Act. As a result the Special Purpose Ind AS financial statements may not be suitable for any other purpose.

Our opinion on the Special Purpose Ind AS financial statements is not modified in respect of the above matter.

Other Matter

Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 1 June 2017 on the Ind AS financial statements of the Company for the year ended 31 March 2017.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
15 May 2018

Balance Sheet

(USD)

	Note	As at March 31, 2018	As at March 31, 2017
I. ASSETS			
Non-Current assets			
Income tax asset (net)		**745**	-
Total non-current assets		**745**	-
Current assets			
(a) Financial assets		**-**	-
Cash and cash equivalents	4	**41,966**	41,966
Total current assets		**41,966**	41,966
TOTAL ASSETS		**42,711**	41,966
II. EQUITY AND LIABILITIES			
Equity			
(a) Share capital	6	**10**	10
(b) Other equity	7	**9,932**	12,582
Total Equity		**9,942**	12,592
Current liabilities			
(a) Financial liabilities			
Trade and other payables		**32,769**	20,000
(b) Current income tax liabilities(net)		**-**	9,374
Total current liabilities		**32,769**	29,374
TOTAL EQUITY AND LIABILITIES		**42,711**	41,966
III. NOTES FORMING PART OF FINANCIAL STATEMENTS 1-15			

As per our report attached

For BSR & Co. LLP
Chartered Accountants
Firm's registration no.: 101248W/W-100022

For and on behalf of the Board of Directors

Rajesh Mehra
Partner

V Suryakant
Director

Latesh Sewani
Director

Place: Mumbai
Date: May 15, 2018

Place: NJ,USA
Date:May 15, 2018

Place: NJ,USA
Date:May 15, 2018

Statements of Profit and Loss and Other Comprehensive Income

(In USD, except per share data)

	Note	Year ended March 31,2018	Year ended March 31,2017
Revenue from operations		-	-
TOTAL INCOME		-	-
Expenses:			
Other operating expenses	8	**2,650**	11,140
TOTAL EXPENSES		**2,650**	11,140
LOSS BEFORE TAX		**(2,650)**	(11,140)
Tax expense:			
Tax expense	5	-	-
LOSS FOR THE YEAR		**(2,650)**	(11,140)
OTHER COMPREHENSIVE INCOME			
Items that will / will not be reclassified subsequently to the statement of profit or loss		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(2,650)**	(11,140)
Earnings per equity share :- Basic and diluted (USD)	9	**(2.65)**	(11.14)
Weighted average number of equity shares (face value of USD 0.01 each)		**1,000**	1,000

NOTES FORMING PART OF FINANCIAL STATEMENTS 1-15

As per our report attached

For BSR & Co. LLP
Chartered Accountants
Firm's registration no.: 101248W/W-100022

For and on behalf of the Board of Directors

Rajesh Mehra
Partner

Place: Mumbai
Date: May 15, 2018

V Suryakant
Director

Place: NJ,USA
Date:May 15, 2018

Latesh Sewani
Director

Place: NJ,USA
Date:May 15, 2018

Statements of changes in equity

A. EQUITY SHARE CAPITAL

(USD)

Balance as of April 1, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
10	-	10

Balance as of April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
10	**-**	**10**

B. OTHER EQUITY

(USD)

	Retained earnings
Balance as at April 1, 2016	23,722
Loss for the year	(11,140)
Other comprehensive income	-
Total comprehensive income	12,582
Balance as at March 31, 2017	12,582
Loss for the year	**(2,650)**
Other comprehensive income	**-**
Total comprehensive income	**9,932**
Balance as at March 31, 2018	**9,932**

NOTES FORMING PART OF FINANCIAL STATEMENTS 1-15

As per our report attached

For BSR & Co. LLP
Chartered Accountants
Firm's registration no.: 101248W/W-100022

For and on behalf of the Board of Directors

Rajesh Mehra
Partner

Place: Mumbai
Date: May 15, 2018

V Suryakant
Director

Place: NJ,USA
Date:May 15, 2018

Latesh Sewani
Director

Place: NJ,USA
Date:May 15, 2018

Statements of Cash Flows

(USD)

	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities:		
Loss for the year	**(2,650)**	(11,140)
Operating profit before working capital changes	**(2,650)**	(11,140)
Net change in:		
Trade and other payables	**3,395**	4,175
Other financial liabilities	**-**	(397,930)
Cash generated/ (utilised) from operations	**745**	(404,895)
Taxes paid	**(745)**	825
Net cash provided/ (utilised) by operating activities	**-**	(404,070)
Cash flows from investing activities:		
Net cash used in investing activities	**-**	-
Cash flows from financing activities:		
Net cash used in financing activities	**-**	-
Net change in cash	**-**	(404,070)
Cash and cash equivalents at the beginning of the year	**41,966**	446,036
Cash and cash equivalents at the end of the year	**41,966**	41,966

NOTES FORMING PART OF FINANCIAL STATEMENTS 1-15

As per our report attached

For BSR & Co. LLP
Chartered Accountants
Firm's registration no.: 101248W/W-100022

For and on behalf of the Board of Directors

Rajesh Mehra
Partner

Place: Mumbai
Date: May 15, 2018

V Suryakant
Director

Place: NJ,USA
Date:May 15, 2018

Latesh Sewani
Director

Place: NJ,USA
Date:May 15, 2018

Notes to financial statements for the year ended March 31, 2018

1. CORPORATE INFORMATION

CMC eBiz, Inc. (the Company) was incorporated on 27 January, 2011 in the State of Delaware, United States of America (USA) and is a wholly owned subsidiary of CMC Americas Inc. (CMCA) a Company incorporated in USA, Tata Consultancy Services Limited is the intermediate holding company. Tata Sons Limited is the ultimate holding company.The Company is incorporated to execute IT and ITES projects.

The Company is primarily engaged in the business of Back Office Support services in USA.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on May 15, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These 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. These financial statements have been prepared to assist the Holding Company (Tata Consultancy Services Limited) to comply with the requirements of section 129(3) of the Companies Act, 2013.

b. Basis of preparation

These Ind AS financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) rules, 2015 read with section 133 of the Act.

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.

c. Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

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.

Key source 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, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities have been discussed below. Key source of estimation of uncertainty in respect of revenue recognition, employee benefits and financial instruments have been discussed in their respective policies.

Impairment of investments

The Company reviews its carrying value of investments carried at amortised 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.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2(h).

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable than 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. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

d. Revenue recognition

Revenue is recognised on time and material and unit priced contracts. Revenue from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Revenue on unit priced/fixed priced contracts is recognised as the related services are rendered or the related obligation is performed.

Unbilled revenue represents revenue recognised for services already rendered or related obligations.

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

Revenue is reported net of discounts, indirect and service taxes.

Dividend is recorded when the right to receive payment is established.

Interest income is recognised using the effective interest method.

e. Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term, unless the lease agreement explicitly states that increase is on account of inflation.

f. Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the company are broadly categorised in employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses majorly include fees to external consultants, cost of running its facilities, travel expenses, project expenses, communication costs, allowances for doubtful trade receivables and advances, bad debts and advances written off and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment, etc.

g. Foreign currency

The functional and reporting currency of the Company is United States Dollar (USD).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

h. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in statement of profit and 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.

Current income taxes

Current tax is based on the taxable profit for the year and is calculated using tax rates that have been enacted by the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the Company is able to and 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 assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences 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 Company intends to settle current tax assets and liabilities on a net basis.

i. 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.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

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

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 on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or 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.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

j. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on straight line basis so as to expense the cost over their estimated useful lives. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Type of asset	Method	Useful Lives
Computer Equipment	Straight line method	3 years
Furniture and fixture	Straight line method	4 years

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

k. Impairment

i. Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, 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 is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii. Non-financial assets

Tangible assets

Property, plant and equipment 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.

l. Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Notes to financial statements for the year ended March 31, 2018

3 RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate Affairs ("MCA") notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 where by it notified the following new / amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115	Revenue from contracts with customers
Ind AS 21	The effect of changes in foreign exchange rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue and Ind AS 11 Construction Contracts when it becomes effective.

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

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

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of IND AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying IND AS 115 is recognized as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

(USD)

	As at March 31, 2018	As at March 31, 2017
Balances with banks		
(i) In current accounts	**41,966**	41,966
	41,966	41,966

Notes to financial statements for the year ended March 31, 2018

5. INCOME TAXES

The reconciliation of estimated income tax expense at the United States of America statutory income tax rate to income tax expense reported in statement of profit or loss is as follows:

(USD)

	Year ended March 31, 2018	Year ended March 31, 2017
Loss before income taxes	(2,650)	(11,140)
Income tax rate *	31.55%	35.00%
Expected income tax expense	(836)	(3,899)
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Tax pertaining to prior years	-	-
Operating losses carry forward	836	3,899
Total income tax expense	-	-

* On December 22, 2017, H.R. 1, originally known as the "Tax Cuts and Jobs Act" was signed into law ("US Tax Reforms"). The law provides for a federal tax rate reduction from a maximum rate of 35% to a flat rate of 21% with effect from January 1, 2018. The tax rate change does not have any significant impact on the taxes of the Company.

6. SHARE CAPITAL:

The authorised, issued, subscribed and fully paid-up share capital comprises of equity shares having a par value of USD 0.01 each as follows:

(USD)

	As at March 31, 2018	As at March 31, 2017
(a) Authorised :		
Equity share capital	10	10
1,000 equity shares of USD 0.01 each (Previous Year 1,000 equity shares of USD 0.01 each)		
	10	10
(b) Issued, Subscribed and Paid up:		
Equity share capital	10	10
1,000 equity shares of USD 0.01 each (Previous Year 1,000 equity shares of USD 0.01 each)		
	10	10

i. Reconciliation of number of shares

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount(USD)	Number of shares	Amount(USD)
Equity shares				
Opening balance	1,000	10	1,000	10
Changes during the year	-	-	-	-
Closing balance	1,000	10	1,000	10

Notes to financial statements for the year ended March 31, 2018

ii. Rights, preferences and restrictions attached to shares

Equity shares

The Company has one class of equity shares having a par value of USD 0.01 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

iii. Shares held by holding company

1,000 equity shares (100%) of USD 0.01 each (March 31, 2017: 1,000 equity shares (100%) of USD 0.01 each) are held by CMC Americas Inc, the holding company. Tata Consultancy Services Limited is the intermediate holding company. Tata Sons Limited is ultimate holding company.

iv The Company does not have an employee stock option plan and no shares are reserved for issue under any such plan or for any contractual commitments.

7. OTHER EQUITY

Other equity consist of the following:

(USD)

	As at March 31, 2018	As at March 31, 2017
Retained earnings		
(i) Opening balance	**12,582**	23,722
(ii) Loss for the year	**(2,650)**	(11,140)
	9,932	12,582

8. OTHER OPERATING EXPENSES

Other operating expenses consist of the following:

(USD)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Fees to external consultants	**-**	652
(b) Communication expenses	**-**	570
(c) Other expenses	**2,650**	9,918
	2,650	11,140

9. EARNINGS PER SHARE (EPS):

(USD)

	Year ended March 31, 2018	Year ended March 31, 2017
Loss for the year	**(2,650)**	(11,140)
Amount available for equity shareholders (USD)	**(2,650)**	(11,140)
Weighted average number equity shares	**1,000**	1,000
Total weighted average number of equity shares	**1,000**	1,000
Earning per share basic and diluted (USD)	**(2.65)**	(11.14)
Face value per equity share (USD)	**0.01**	0.01

10. FINANCIAL INSTRUMENTS:

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(i) to the financial statements.

a. Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2018 and March 31, 2017 is as follows:

(USD)

	Total carrying value at amortised cost	
	As at March 31, 2018	As at March 31, 2017
Financial assets:		
Cash and cash equivalents	**41,966**	41,966
Total	**41,966**	41,966
Financial liabilities:		
Trade and other payables	**32,769**	20,000
Total	**32,769**	20,000

b. Financial risk management

CMC eBiz Inc. is exposed primarily to credit and liquidity risks, which may adversely impact the fair value of its financial instruments. CMC eBiz Inc. has a risk management policy which covers risks associated with the financial assets and liabilities.

i. 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 credit and liquidity risks.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of 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 entity.

The Company does not have any exposure to foreign currency assets and liabilities as of March 31, 2018.

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.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was USD 41,966 for March 31,2018 and March 31,2017 both being the carrying amount of cash and cash equivalents. Cash and cash equivalents are held with banks with high credit ratings.

The Company's cash and cash equivalents are held in the United States of America.

Notes to financial statements for the year ended March 31, 2018

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 consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

(USD)

	Due in 1st Year	Total
March 31, 2018		
Non-derivative financial liabilities:		
Trade and other payables	**32,769**	**32,769**
Total	**32,769**	**32,769**
March 31, 2017		
Non-derivative financial liabilities:		
Trade and other payables	20,000	20,000
Total	20,000	20,000

11. SEGMENTS REPORTING:

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 are the Board of Directors.

As the Company does not have any reportable revenue during the years ended March 31, 2018 and March 31, 2017 the segment information has not been disclosed. All the assets of the Company are held in the geography Americas.

12. RELATED PARTY TRANSACTIONS

Names of related parties and nature of relationship:

Enterprises that directly, or indirectly through one or more intermediaries, control or are under common control with the Company:

(a) Holding Company

Name of the Enterprise	Nature of relationship
Tata Sons Limited	Ultimate Holding Company
CMC Americas, Inc.	Immediate Holding Company
Tata Consultancy Services Limited	Holding Company of CMC Americas, Inc.

(USD)

Related party balances for year ending March 31, 2018 and March 31,2017			
Name of the Entity	**With Tata Consultancy Services Limited**	**With CMC Americas Inc.**	**Total**
Trade Payables	745	19,374	20,119
(Previous year)	(NIL)	(NIL)	-

13. LEASES

The Company does not have any non-cancellable operating lease and hence there are no committed lease payments.

14. CONTINGENT LIABILITIES AND COMMITMENTS

The contingent liabilities and commitments as at March 31, 2018 and March 31, 2017 are Nil.

15. SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the balance sheet date through the date on which the financial statements were available to be issued, and determined that there are no other items to disclose.

"Certain statements in this release concerning our future prospects are forward-looking statements. Forward-looking statements by their nature involve a number of risks and uncertainties that could cause actual results to differ materially from market expectations. These risks and uncertainties include, but are not limited to our ability to manage growth, intense competition among Indian and overseas IT services companies, various factors which may affect our cost advantage, such as wage increases or an appreciating Rupee, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on crossborder movement of skilled personnel, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which TCS has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. TCS may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements."

Produced and Designed by: Global Investor Relations and Corporate Finance, Tata Consultancy Services

TATA CONSULTANCY SERVICES

IT Services
Business Solutions
Consulting

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