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APTOnline Limited

**(Company Registration Number: 039671)
(CIN: U75142TG2002PLC039671)**

FINANCIAL STATEMENTS

**For the year ended
March 31, 2020**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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Independent Auditor's Report

TO THE MEMBERS OF APTOnline LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of APTOnline Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss (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) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

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

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- (e) One director of the Company has not submitted written representations as required in terms of Section 164(2) of the Act as on 31 March 2020. In the absence of such representations, we are unable to comment whether that director was disqualified from being appointed as a director in terms of Section 164(2) of the Act.

As far as the other directors are concerned, on the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 18 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- 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 in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) According to the information and explanations given to us, no remuneration has been paid by the Company to any of its directors. Accordingly, provisions of Section 197 of the Act relating to remuneration to directors are not applicable.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Balajirao Pothana

Partner

Membership No: 122632

UDIN: 20122632AAAAAI4967

Mumbai

13 May 2020

Annexure A to the Independent Auditors' Report

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, 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, 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.

In respect of immovable properties taken on lease and disclosed as right-of-use-assets in the financial statements, the lease agreements are in the name of 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 provisions of clause 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 made any investments or provided any guarantee or securities to the parties covered under Section 185 and Section 186 of the Act during the year. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of the directive issued by the Reserve Bank of India, provision 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.
- vi. 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. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and Services 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.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, Cess and other material statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax or Service tax or Goods and Services 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 Act, 2005	VAT (including penalty)	16.46	11.49	2005-06 to 2011-12	Appellate Tribunal, Hyderabad

- viii. In our opinion and according to the information and explanations given to us, the Company did not have any outstanding loans or borrowings from any financial institution or banks or Government or dues to debenture holders 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. 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, 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 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

UDIN: 20122632AAAAAI4967

Mumbai
13 May 2020

Annexure B to the Independent Auditors' Report on the financial statements of APTOnline Limited for the year ended 31 March 2020

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of APTOnline Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

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

Balajirao Pothana
Partner
Membership No: 122632
UDIN: 20122632AAAAAI4967

Mumbai
13 May 2020

Balance Sheet

(₹ in lakhs)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	7(a)	254.17	236.65
Right-of-use assets	6	63.17	-
Intangible assets	7(b)	7.28	20.13
Income-tax assets (net)		614.59	614.59
Deferred tax assets (net)	14	181.91	229.39
Other assets	7(c)	-	1.97
Total non-current assets		1,121.12	1,102.73
Current assets			
Inventories	7(d)	44.81	26.64
Financial assets			
Investments	5(a)	2,631.70	3,104.43
Trade receivables	5(b)	7,849.95	5,086.94
Unbilled receivables		145.06	407.91
Cash and cash equivalents	5(c)	801.59	2,118.37
Other balances with banks	5(d)	1,000.00	-
Loans receivables	5(e)	2,188.56	4,009.17
Other financial assets	5(f)	263.14	871.82
Other assets	7(c)	339.50	301.49
Total current assets		15,264.31	15,926.77
TOTAL ASSETS		16,385.43	17,029.50
EQUITY AND LIABILITIES			
Equity			
Share capital	5(m)	177.00	177.00
Other equity	8	10,060.45	8,628.80
Total Equity		10,237.45	8,805.80
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities		20.68	-
Employee benefit obligations	11	86.94	60.54
Total non-current liabilities		107.62	60.54
Current liabilities			
Financial liabilities			
Lease liabilities		55.80	-
Trade payables			
Dues of micro enterprises and small enterprises	5(g)	17.85	65.75
Dues of creditors other than micro enterprises and small enterprises	5(h)	2,859.89	1,949.46
Other financial liabilities	5(i)	1,779.58	5,076.41
Unearned and deferred revenue		54.08	148.33
Other liabilities	7(e)	1,094.25	836.67
Employee benefit obligations	11	11.14	7.53
Income-tax liabilities (net)		167.77	79.01
Total current liabilities		6040.36	8,163.16
TOTAL EQUITY AND LIABILITIES		16,385.43	17,029.50
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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

Mumbai, May 13, 2020

Tej Paul Bhatla

Director

DIN:08491426

V Rajanna

Director

DIN:01280277

Statement of Profit and Loss

(₹ in lakhs)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	9	17,994.98	15,417.57
Other income (net)	10	458.18	536.78
TOTAL INCOME		18,453.16	15,954.35
Expenses			
Employee benefits expenses	11	2,366.62	2,150.27
Direct costs	12(a)	10,733.19	8,656.89
Purchases of stock-in-trade	12(b)	336.24	475.54
Changes in inventories of stock-in-trade	12(c)	(18.17)	3.23
Other expenses	12(d)	679.15	729.82
Depreciation and amortisation expense		178.90	359.93
Finance costs	13	10.14	35.69
TOTAL EXPENSES		14,286.07	12,411.37
PROFIT BEFORE TAX		4,167.09	3,542.98
Tax expense			
(a) Current tax	14	1,032.19	1,167.92
(b) Deferred tax	14	56.65	[115.12]
TOTAL TAX EXPENSE		1,088.84	1,052.80
PROFIT FOR THE YEAR		3,078.25	2,490.18
OTHER COMPREHENSIVE INCOME / (OCI)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined employee benefit plans		(18.70)	(7.46)
Income-tax on items that will not be reclassified subsequently to profit or loss		4.70	2.17
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		(14.00)	(5.29)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,064.25	2,484.89
Earnings per equity share :- Basic and diluted (₹)	15	173.91	140.69
Weighted average number of equity shares		1,770,000	1,770,000
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 APTOnline Limited

For **B S R & Co. LLP**

Chartered Accountants

Firm's registration number : 101248W/W-100022

Balajirao Pothana

Partner

Membership number : 122632

Mumbai, May 13, 2020

Tej Paul Bhatla

Director

DIN:08491426

V Rajanna

Director

DIN:01280277

Statement of Changes in Equity

A) EQUITY SHARE CAPITAL

(₹ in lakhs)

Balance as at April 1, 2018	Change in equity share capital during the year	Balance as at March 31, 2019
177	-	177

(₹ in lakhs)

Balance as at April 1, 2019	Change in equity share capital during the year	Balance as at March 31, 2020
177	-	177

B) OTHER EQUITY

(₹ in lakhs)

	General reserve	Capital redemption reserve	Retained earnings	Total Equity
Balance as at April 1, 2018	566.93	280.00	6,747.98	7,594.91
Profit for the year	-	-	2,490.18	2,490.18
Other comprehensive income	-	-	(5.29)	(5.29)
Total comprehensive income	566.93	280.00	9,232.87	10,079.80
Dividend (including tax on dividend of ₹ 247.40)	-	-	(1,451.00)	(1,451.00)
Balance as at March 31, 2019	566.93	280.00	7,781.87	8,628.80
Balance as at April 1, 2019	566.93	280.00	7,781.87	8,628.80
Transition impact of Ind AS 116 (net of tax)	-	-	(10.89)	(10.89)
Restated balance as at April 1, 2019	566.93	280.00	7,770.98	8,617.91
Profit for the year	-	-	3078.25	3078.25
Other comprehensive income	-	-	(14.00)	(14.00)
Total comprehensive income	566.93	280.00	10,835.23	11,682.16
Dividend (including tax on dividend of ₹ 276.51)	-	-	(1,621.71)	(1,621.71)
Balance as at March 31, 2020	566.93	280.00	9,213.52	10,060.45

Nature and purpose of reserves

a) General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to statement of profit and loss.

b) Capital redemption reserve

As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves and securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of Section 69 of the Companies Act, 2013.

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 APTOnline Limited

For **B S R & Co. LLP**

Chartered Accountants

Firm's registration number : 101248W/W-100022

Balajirao Pothana

Partner

Membership number : 122632

Mumbai, May 13, 2020

Tej Paul Bhatla

Director

DIN:08491426

V Rajanna

Director

DIN:01280277

Statement of Cash Flows

(₹ in lakhs)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit for the year

3,078.25 2,490.18

Adjustments to reconcile profit and loss to net cash provided by operating activities:

Depreciation and amortisation expenses

178.90 359.93

Net gain on sale of investments carried at fair value through profit and loss

(227.28) (223.66)

Gain on disposal of property, plant and equipment

- (1.62)

Tax expense

1,088.84 1,052.80

Allowance on trade receivables and advances

62.00 143.27

Finance costs

10.14 -

Interest income on fixed deposits and intercorporate deposits

(209.39) (298.55)

Operating profit before working capital changes

3,981.46 3,522.35

Net Change in:

Trade receivables

(2,825.01) 1,544.13

Unbilled receivables

262.85 (241.31)

Loans receivables

(2.89) (0.90)

Other assets

(37.16) 45.26

Other financial assets

553.11 (297.90)

Inventories

(18.17) 3.23

Trade payables

862.54 (1,651.33)

Employee benefit obligation

11.30 (5.45)

Other liabilities

257.59 (308.65)

Other financial liabilities

(3,296.83) 1,056.67

Unearned and deferred revenue

(94.24) 0.21

Cash generated from operations

(345.45) 3,666.31

Taxes paid (net of refunds)

(943.43) (1,279.80)

Net cash provided by operating activities

(1,288.88) 2,386.51

CASH FLOWS FROM INVESTING ACTIVITIES

Bank deposits placed

(1,000.00) -

Purchase of investments

(6,700.00) (15,800.00)

Proceeds from redemption of investments

7,400.00 14,421.35

Inter-corporate deposits placed

(1,176.50) (4,000.00)

Interest received on deposits

264.95 149.04

Payment for purchase of property, plant and equipment

(129.03) (145.69)

Purchase of intangible assets

(6.91) (33.04)

Proceeds from inter-corporate deposits

3,000.00 1,200.00

Proceeds from disposal of property, plant and equipment

- 14.51

Net cash (used in)/provided by investing activities

1,652.51 (4,193.83)

Statement of Cash Flows (Contd.)

(₹ in lakhs)

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid (including tax on dividend)

(1,621.71)

(1,451.00)

Repayment of lease liabilities

(48.56)

-

Interest paid

(10.14)

-

Net cash used in financing activities

(1,680.41)

(1,451.00)

Net change in cash and cash equivalents

(1,316.78)

(3,258.32)

Cash and cash equivalents at the beginning of the year

2,118.37

5,376.69

Cash and cash equivalents at the end of the year (refer Note 5(c))

801.59

2,118.37

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 APTOnline Limited

For **B S R & Co. LLP**

Chartered Accountants

Firm's registration number : 101248W/W-100022

Balajirao Pothana

Partner

Membership number : 122632

Mumbai, May 13, 2020

Tej Paul Bhatla

Director

DIN:08491426

V Rajanna

Director

DIN:01280277

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 Synergy Park (Non-SEZ Campus), Sarayu, SGA-Z4, Gachibowli, Hyderabad-500032. Tata Consultancy Services Limited ('TCS'), the holding company, owns 89% of the Company's equity share capital. Tata Sons Limited is the ultimate parent.

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, 2020 were approved by the Board of Directors and authorised for issue on May 13, 2020.

2. 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.

3. BASIS OF PREPARATION

"These financial statements have been prepared in Indian rupee (₹) which is the functional currency of the Company.

These financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period and employee retirement obligation, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The statement of cash flows have been prepared under indirect method.

4. 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.

a) 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.

b) 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.

Notes forming part of the Financial Statements

c) Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

d) Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

e) Employee benefits

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

f) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Non – derivative 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.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

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

Notes forming part of the Financial Statements

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 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.

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 issued by the Company are recognised at the proceeds received net of direct issue cost.

Impairment of 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. 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 allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(a) Investments

Investments consist of the following:

		(₹ in lakhs)	
		As at March 31, 2020	As at March 31, 2019
Current			
Investment carried at fair value through profit and Loss			
Mutual funds (quoted)			
Tata liquid fund direct plan - growth	54,948.00	1,720.97	54,424.00
UTI-Liquid Cash Plan-Institutional-Direct Plan-Growth	28,010.00	910.73	49,071.00
	<u>2,631.70</u>		<u>3,104.43</u>

Notes forming part of the Financial Statements

Aggregate value of quoted investments is as follows:

	(₹ in lakhs)
	As at March 31, 2020
	As at March 31, 2019
Aggregate value of quoted investments	2,631.70
Aggregate market value of quoted investments	2,631.70

(b) Trade receivables

Trade receivables (unsecured) consists of the following:

	(₹ in lakhs)
	As at March 31, 2020
	As at March 31, 2019
Current	
Trade receivables	8,414.92
Less: Allowance for doubtful trade receivables	(564.97)
Considered Good	7,849.95
Credit impaired	-
	7,849.95

Above balances of trade receivables include balances with related parties (Refer note 20).

(c) Trade receivables

Trade receivables (unsecured) consists of the following:

	(₹ in lakhs)
	As at March 31, 2020
	As at March 31, 2019
Balances with banks	
- in current accounts	801.59
	801.59

(d) Other balances with banks

Other balances with banks consists of the following:

	(₹ in lakhs)
	As at March 31, 2020
	As at March 31, 2019
Short-term bank deposits	1,000.00
	1,000.00

Notes forming part of the Financial Statements

(e) Loans receivables

Loans receivables (unsecured) consists of the following:

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Loans receivables - considered good		
Inter-corporate deposits	2,176.50	4,000.00
Loans and advances to employees	12.06	9.17
	2,188.56	4,009.17

Inter-corporate deposits placed with financial institutions yield fixed interest rate

(f) Other financial assets

Other financial assets (unsecured) consists of the following:

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
a) Security deposits	60.74	57.13
b) Other advances	98.72	655.44
c) Accrued interest	103.68	159.25
	263.14	871.82

(g) Micro and small enterprises

(₹ in lakhs)

	As at March 31, 2020		As at March 31, 2019	
	Principal	Interest	Principal	Interest
Amount due to vendors	17.19	0.66	65.75	-
Principal amount paid (includes unpaid) beyond the appointed date	-	-	-	-
Interest due and payable for the year*	-	-	-	-
Interest accrued and remaining unpaid (includes interest disallowable of ₹ Nil) (March 31, 2019: ₹ Nil)	-	-	-	-

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.

(h) Trade Payables

Trade payables consists of the following:

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Others	2,859.89	1,949.46
	2,859.89	1,949.46

Above balances of trade payables include balances with related parties (Refer note 20).

Notes forming part of the Financial Statements

i) Other financial liabilities

Other financial liabilities consists of the following:

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
(a) Amount collected on behalf of *		
- Government departments	974.78	4,243.67
- Non-government departments	36.63	37.50
(b) Security deposits received	672.39	704.97
(c) Employee payables	95.78	90.27
	1,779.58	5,076.41

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

(j) Financial Instruments by category

The carrying value of financial instruments by categories as of March 31, 2020 is as follows:

(₹ in lakhs)

	Fair value through profit or loss	Amortised cost	Total carrying value
Financial assets:			
Cash and cash equivalents	-	801.59	801.59
Bank deposits	-	1,000.00	1,000.00
Trade receivables	-	7,849.95	7,849.95
Investments	2,631.70	-	2,631.70
Unbilled receivables	-	145.06	145.06
Loans receivables	-	2,188.56	2,188.56
Other financial assets	-	263.14	263.14
Total	2,631.70	12,248.30	14,880.00
Financial liabilities:			
Trade payables	-	2,877.74	2,877.74
Lease Liabilities	-	76.48	76.48
Other financial liabilities	-	1,779.58	1,779.58
Total	-	4,733.80	4,733.80

Notes forming part of the Financial Statements

"The carrying value of financial instruments by categories as of March 31, 2019 is as follows:

(₹ in lakhs)

	Fair value through profit or loss	Amortised cost	Total carrying value
Financial assets:			
Cash and cash equivalents	-	2,118.37	2,118.37
Trade receivables	-	5,086.94	5,086.94
Investments	3,104.43	-	3,104.43
Unbilled receivables	-	407.91	407.91
Loans receivables	-	4,009.17	4,009.17
Other financial assets	-	871.82	871.82
Total	3,104.43	12,494.21	15,598.64
Financial liabilities:			
Trade payables	-	2,015.21	2,015.21
Other financial liabilities	-	5,076.41	5,076.41
Total	-	7,091.62	7,091.62

Loans receivables include inter-corporate deposits of ₹ 2,176.50 lakhs, with original maturity period within 12 months.

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables, loans receivables, other financial assets, trade payables and other financial liabilities as at March 31, 2020 and March 31, 2019 approximate the fair value.

Difference between carrying amounts and fair values of bank deposits, other balances with bank, other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the periods presented.

(k) Fair value hierarchy

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

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

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

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

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

(₹ in lakhs)

	Level 1	Level 2	Level 3	Total
As of March 31, 2020				
Financial assets:				
Mutual fund units	2,631.70	-	-	2,631.70
Total	2,631.70	-	-	2,631.70

Notes forming part of the Financial Statements

(₹ in lakhs)

As of March 31, 2019

Financial assets:

Mutual fund units

Total

Level 1	Level 2	Level 3	Total
3,104.43	-	-	3,104.43
3,104.43	-	-	3,104.43

(I) 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.

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.

- 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.

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 receivables, investments including inter corporate deposits and other financial assets. Inter corporate deposits of ₹ 2,176.50 lakhs as of March 31, 2020, 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 ₹ 14,880.00 lakhs and ₹ 15,598.64 lakhs as on March 31, 2020 and 2019, respectively, being the total of the carrying amount of investment in mutual funds, balances with banks, trade receivables, unbilled receivables, loans and other financial assets.

The Company exposure to customers is diversified. Apart from The principal Secretary-APPSC ₹.1438.67 lakhs and Department of post-Telangana ₹.1,118.99 lakhs, (Previous Year - Rural Development Department for state of Telangana ₹.485.27 lakhs and AP Commissioner School Education ₹.803.88 lakhs and Department of post-Telangana ₹.1,429.39 lakhs), no other customer contributes to more than 10% of outstanding accounts receivable and unbilled receivables as of March 31, 2020 and 2019.

- Geographic concentration of credit risk**

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

The allowance for lifetime expected credit loss on trade receivables for the years ended March 31, 2020 and 2019 was ₹ 62 lakhs and ₹143.27 lakhs, respectively.

Notes forming part of the Financial Statements

The reconciliation of allowance for doubtful trade receivables is as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	502.97	359.70
Change during the year	62.00	143.27
Balance at the end of the year	564.97	502.97

(₹ in lakhs)

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:

	Due in 1st Year	Due in 2nd Year	Due in 3rd Year	Due in 4th Year	Due in 5th Year	Total
March 31, 2020						
Lease Liabilities	60.14	21.11	-	-	-	81.25
Trade payables	2,877.74	-	-	-	-	2,877.74
Other financial liabilities	1,779.58	-	-	-	-	1,779.58
Total	4,717.46	21.11	-	-	-	4,738.57
March 31, 2019						
Trade payables	2,015.21	-	-	-	-	2,015.21
Other financial liabilities	5,076.41	-	-	-	-	5,076.41
Total	7,091.62	-	-	-	-	7,091.62

(₹ in lakhs)

Other risk – Impact of COVID-19

Financial instruments carried at fair value as at March 31, 2020 is ₹ 2,631.70 lakhs.

Financial assets having fair value of ₹ 2,631.70 lakhs are classified as Level 1. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Company are mainly investments in liquid debt securities and accordingly, any material volatility is not expected.

Financial assets of ₹ 1,801.59 lakhs as at March 31, 2020 carried at amortised cost in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counter party credit risk. Trade receivables of ₹ 7,849.95 lakhs and unbilled receivables of ₹ 145.06 lakhs forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. The Company has recorded a provision of doubtful debts of ₹ 564.97 lakhs as on March 31st, 2020 which is considered adequate.”

Other price risks

The fair value of investment in mutual funds is ₹ 2,631.70 lakhs and ₹ 3,104.43 lakhs as on March 31, 2020 and March 31, 2019 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.

Notes forming part of the Financial Statements

(m) Equity Instruments

Share Capital

The authorised, issued, subscribed and fully paid-up share capital comprises of the following :

(₹ in lakhs)

Authorised

- (a) Equity shares 3,000,000 of ₹ 10 each with voting rights
(March 31, 2019: 3,000,000 equity shares of ₹ 10 each)
- (b) Redeemable preference shares 3,000,000 of ₹ 10 each
(March 31, 2019: 3,000,000 preference shares of ₹ 10 each)

As at March 31, 2020	As at March 31, 2019
300.00	300.00
300.00	300.00
600.00	600.00
177.00	177.00
177.00	177.00

Issued, Subscribed and Fully paid-up

1,770,000 equity shares of ₹ 10 each
(March 31, 2019: 1,770,000 equity shares of ₹ 10 each)

(i) Reconciliation of the number of shares:

(₹ in lakhs)

Equity shares

Opening balance
Issued during the year

Closing balance

As at March 31, 2020		As at March 31, 2019	
Number of shares	Amount in ₹ lakhs	Number of shares	Amount in ₹ lakhs
1,770,000	177.00	1,770,000	177.00
-	-	-	-
1,770,000	177.00	1,770,000	177.00

(ii) 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 of all preferential amounts, in proportion to their share holding.

(iii) Details of shares held by the holding company

Equity shares

Tata Consultancy Services Limited,
holding company

As at March 31, 2020		As at March 31, 2019	
Number of shares	Amount in ₹ lakhs	Number of Shares	Amount in ₹ lakhs
1,770,000	177	1,770,000	177
1,770,000	177	1,770,000	177

Notes forming part of the Financial Statements

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

	As at 31 March, 2020		As at 31 March, 2019	
	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%
	1,770,000	100%	1,770,000	100%

- (e) The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

6. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Notes forming part of the Financial Statements

Transition to Ind AS 116

"Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application [April 1, 2019]. Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Refer note 4(f) – Significant accounting policies – Leases in the Annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

Company as lessee

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of 109.68 lakhs and a corresponding lease liability of 125.04 lakhs has been recognized. The cumulative effect on transition in retained earnings net off taxes is a charge of 15.36 lakhs (including a deferred tax of 4.47 lakhs). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 8.48% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The details of the right-of-use asset held by the Company is as follows:

	(₹ in lakhs)	
	Additions for the year ended March 31, 2020	Net carrying amount as at March 31, 2020
Lease hold buildings	-	63.17
Total	-	63.17

Notes forming part of the Financial Statements

Depreciation on right-of-use assets is as follow

		(₹ in lakhs)
		Year ended March 31, 2019
Depreciation		
Lease hold buildings		47.63
Total		47.63

Interest on lease liabilities is 8.72 lakhs for the year ended March 31, 2020.

The Company incurred ₹ 18.63 lakhs for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 75.91 lakhs for the year ended March 31, 2020, including cash outflow for short term and low value leases.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties are long term in nature and no changes in terms of those leases are expected due to COVID-19

7. NON-FINANCIAL ASSETS AND NON-FINANCIAL LIABILITIES

(a) 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 on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 except in respect of certain categories of assets where the life of the assets, has been assessed based on the technical evaluation done by the management. 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

* The useful life of these assets is different from the useful lives as prescribed under Part C of Schedule II of the Act.

Property, plant and equipment 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.

Notes forming part of the Financial Statements

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.

Property, plant and equipment consists of the following:

(₹ in lakhs)

Description	Computer equipment	Vehicles	Office equipment	Furniture and fixtures	Total
Cost as at April 1, 2019	4,433.33	35.63	0.76	0.20	4,469.92
Additions	126.62	-	-	2.41	129.03
Disposals	3.24	-	-	-	3.24
Gross block as at March 31, 2020	4,556.71	35.63	0.76	2.61	4,595.71
Accumulated depreciation as at April 1, 2019	(4,227.01)	(5.41)	(0.70)	(0.15)	(4,233.27)
Depreciation for the year	(101.24)	(9.88)	(0.01)	(0.38)	(111.51)
On disposals	3.24	-	-	-	3.24
Accumulated depreciation as at March 31, 2020	(4,325.01)	(15.29)	(0.71)	(0.53)	(4,341.54)
Net carrying amount as at March 31, 2020	231.70	20.34	0.05	2.08	254.17

(₹ in lakhs)

Description	Computer equipment	Vehicles	Office equipment	Furniture and fixtures	Total
Cost as at April 1, 2018	4,358.03	35.47	0.70	0.15	4,394.35
Additions	130.01	15.57	0.06	0.05	145.69
Disposals	(54.71)	(15.41)	-	-	(70.12)
Gross block as at March 31, 2019	4,433.33	35.63	0.76	0.20	4,469.92
Accumulated depreciation as at April 1, 2018	(3,939.46)	(10.55)	(0.70)	(0.15)	(3,950.86)
Depreciation for the year	(332.28)	(7.36)	-	-	(339.64)
On disposals	44.73	12.50	-	-	57.23
Accumulated depreciation as at March 31, 2019	(4,227.01)	(5.41)	(0.70)	(0.15)	(4,233.27)
Net carrying amount as at March 31, 2019	206.32	30.22	0.06	0.05	236.65

(b) Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment loss if any.

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.

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

Notes forming part of the Financial Statements

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.

Intangible assets consists of the following:

(₹ in lakhs)

Description	Rights under licensing agreement and software licenses	Total
Cost as at April 1, 2019	211.26	211.26
Additions	6.91	6.91
Gross block as at March 31, 2020	218.17	218.17
Accumulated amortisation as at April 1, 2019	(191.13)	(191.13)
Amortisation for the year	(19.76)	(19.76)
Accumulated amortisation as at March 31, 2020	(210.89)	(210.89)
Net carrying amount as at March 31, 2020	7.28	7.28

(₹ in lakhs)

Description	Rights under licensing agreement and software licenses	Total
Cost as at April 1, 2018	178.22	178.22
Additions	33.04	33.04
Gross block as at March 31, 2019	211.26	211.26
Accumulated amortisation as at April 1, 2018	(170.84)	(170.84)
Amortisation for the year	(20.29)	(20.29)
Accumulated amortisation as at March 31, 2019	(191.13)	(191.13)
Net carrying amount as at March 31, 2019	20.13	20.13

The estimated amortisation for the years subsequent to March 31, 2020 as follows

(₹ in lakhs)

Year ending March 31,	Amortisation expense
2021	6.12
2022	1.16
2023	-
2024	-
There after	-
	7.28

Notes forming part of the Financial Statements

(c) Other assets

Other assets (unsecured) consists of the following:

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
(A) Other assets - Non-current		
Prepaid expenses	-	1.97
	-	1.97
(B) Other assets - Current		
Considered good		
a) Prepaid expenses	125.28	138.28
b) Balance with LIC of India - Gratuity fund	-	8.87
c) Advance to suppliers	16.38	2.06
d) Indirect tax recoverable	197.84	152.28
	339.50	301.49

(d) Inventories

Inventories consist of finished goods. Inventories are valued at the lower of cost on First In First Out (FIFO) basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. The Cost of finished goods produced or purchased by the Company includes direct material and labour cost.

Inventories consists of the following:

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Stock in trade	44.81	26.64
	44.81	26.64

Inventories are carried at lower of cost and net realisable value.

(e) Other Liabilities

Other liabilities consists of the following:

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Other Liabilities - Current		
(a) Advance received from customers	247.83	284.62
(b) Indirect tax payable and other statutory liabilities	500.38	213.69
(c) Amount received from franchisees	345.79	338.09
(d) Others	0.25	0.27
	1,094.25	836.67

Notes forming part of the Financial Statements

8. OTHER EQUITY

Other equity consist of the following:

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
(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	7,781.87	6,747.98
(ii) Profit for the year	3,078.25	2,490.18
(iii) Other comprehensive income arising from remeasurement of defined employee benefit plans, net of income-tax"	(14.00)	(5.29)
(iv) Transition impact of Ind AS 116 (net of tax)	(10.89)	-
	10,835.23	9,232.87
Less: Appropriations		
(i) Dividend on equity shares	(1,345.20)	(1,203.60)
(ii) Tax on dividend	(276.51)	(247.40)
	9,213.52	7,781.87
	10,060.45	8,628.80

9. REVENUE RECOGNITION

The Company earns revenue primarily from providing IT enabled services in the State of Andhra Pradesh and Telangana.

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- Revenue from the sale of distinct third party software and hardware is recognised at the point in time when control is transferred to the customer, net of applicable taxes and duties.

Revenue is measured based on the transaction price, which is the consideration as specified in the contract with the customer. Revenue excludes taxes collected from customers.

Notes forming part of the Financial Statements

Unearned and deferred revenue ("contract liability") consists of advances received from customers. The Company disaggregates revenue from contracts with customers by nature of services.

Revenue disaggregation by nature is as follows:

		(₹ in lakhs)
	Year ended March 31, 2020	Year ended March 31, 2019
A) Information technology and consultancy services		
(a) Transaction revenue	5,106.46	4,757.25
(b) Wage disbursement	606.29	1,062.94
(c) Software development services and maintenance	3,625.65	3,295.71
(d) Man power supply	1,210.32	1,228.42
(e) Data centre establishment and maintenance	328.29	293.46
(f) Franchisee fees	106.10	178.05
(g) ION Services	5,934.18	3,412.45
(h) Aadhaar authentication	492.56	438.79
(i) Others	118.96	112.39
Total	17,528.81	14,779.46
B) Sale of products		
(a) Hardware	78.69	126.15
(b) Software	85.64	166.10
(c) Stationery	301.84	345.86
Total	466.17	638.11
Total	17,994.98	15,417.57

All revenue is derived in the State of Andhra Pradesh and Telangana.

The revenue recognised in the statement of profit and loss equals to the contracted price.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

The Company does not have contract assets.

Impact of COVID-19

Majority of the Company's business is with the states of Andhra Pradesh and Telangana. Business is diversified into different streams like 1).Development, Maintenance and Management of services portal for providing web based services (Government to citizens, Government to business) and other portfolio services of Government (31% of total revenue). 2). Conducting of recruitment examinations for APPSC and other Government departments , entrance examinations and provisioning of related services like pre and post exam process works (33% of total revenue).3). IT and ITES services (22% of total revenue) 4) Other services like Outsourcing of Technical manpower to Government departments, Aadhaar authentication services are contributing 14% of total revenue.

As the business is carried out with state governments, Company is not expecting any downfall in revenue except citizen services. No impact is seen in FY 2019-20 revenue.

Notes forming part of the Financial Statements

Changes in Unearned and deferred revenue are as follows:

(₹ in lakhs)

Balance at the beginning of the year

Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year.

Increase due to invoicing during the year, excluding amounts recognised as revenue during the year.

Balance at the end of the year

Year ended March 31, 2020	Year ended March 31, 2019
148.33	148.12
148.33	148.12
54.08	148.33
54.08	148.33

10. OTHER INCOME

Other Income comprises of interest income for all financial instruments measured at amortised cost. Interest income is recorded on accrual basis. Interest income is included in Other income in the Statement of Profit and Loss.

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

Other income consists of the following:

(₹ in lakhs)

- (a) Gain on investments
- (b) Interest income on fixed deposits and inter-corporate deposits
- (c) Gain on disposal of property, plant and equipment
- (d) Miscellaneous income

For the year ended March 31, 2020	For the year ended March 31, 2019
227.28	223.66
209.39	298.55
-	1.62
21.51	12.95
458.18	536.78

11. EMPLOYEE BENEFITS

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.

The Company provides Gratuity to it's employees is treated as defined contribution plan

Defined contribution plans

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

The Company provides Provident Fund to it's employees is treated as defined contribution plan

Notes forming part of the Financial Statements

Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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.

Employee benefit expense consists of the following:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
(a) Salaries, incentives and allowances	2,164.48	1,980.31
(b) Contributions to provident fund	86.03	81.04
(c) Contributions to ESIC	8.42	11.07
d) Staff welfare expenses	107.69	77.85
	2,366.62	2,150.27

Employee benefit obligations consists of the following:

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
(A) Employee benefit obligation - Non-current		
Gratuity Liability	24.50	-
Compensated absences	62.44	60.54
	86.94	60.54
(B) Employee benefit obligation - Current		
Compensated absences	11.14	7.53
	11.14	7.53

Gratuity

In accordance with Indian law, the Company operates a scheme of gratuity which is defined benefit plan. The gratuity plan provide 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 day's basic salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service. The Company manages the plan through a trust. Trustees administer contributions made to the trust through LIC group gratuity fund.

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

Notes forming part of 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.

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Change in defined benefit obligations		
Benefit obligations, beginning of the year	112.58	93.62
Service cost	18.01	16.81
Interest cost	8.72	7.26
Remeasurement of the net defined benefit liability	-	-
Benefit paid	(7.83)	(10.10)
Actuarial loss/(gain) recognized in OCI	18.78	4.99
Benefit obligations, end of the year	150.26	112.58

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Change in plan assets		
Fair value of plan assets, beginning of the year	121.79	111.46
Interest Income	9.44	8.64
Employer contribution	2.27	14.27
Actuarial (loss)	0.08	(2.48)
Benefits paid	(7.83)	(10.10)
Remeasurement-return on plan assets excluding amount included in interest income	-	-
Fair value of plan assets, end of the year	125.75	121.79

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Funded status:		
Surplus of plan assets over obligations	-	9.22
Deficit of plan assets over obligations	(24.50)	-
Category of assets:		
Insurance managed funds	125.75	121.79

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

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Service cost	18.01	16.81
Net interest on net defined benefit (asset) / liability	(0.71)	(1.38)
Net periodic gratuity cost	17.30	15.43
Actual return on plan assets	18.70	7.46

Notes forming part of the Financial Statements

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

(₹ in lakhs)

Actuarial (gains) and losses arising from changes in demographic assumptions.
Actuarial (gains) and losses arising from changes in financial assumptions.
Actuarial (gains) and losses arising from changes in experience adjustments.
Remeasurement of the net defined benefit liability
Remeasurement - return on plan assets excluding amount included in interest income
Total

As at March 31, 2020	As at March 31, 2019
(2.59)	0.35
16.08	(0.73)
5.29	5.37
18.78	4.99
(0.08)	2.47
18.70	7.46

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

(₹ in lakhs)

Discount rate
Rate of increase in compensation
Levels of covered employees
Rate of return on plan assets
"Weighted average duration of defined benefit obligations"
Attrition rate
i) If Services for 0 years to 5 years
ii) If Services for 6 years and above
Mortality Rate

Year ended March 31, 2020	Year ended March 31, 2019
6.50%	7.75%
6.00%	6.00%
27.80%	22.33%
6.93%	7.07%
Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

The expected benefits are based on the same assumptions as are used to measure the Company's defined benefit plan obligations as at March 31, 2020. The Company is expected to contribute ₹ 45.56 lakhs to the defined benefit plan obligation for the year ending March 31, 2021.

Remeasurement loss of defined employee benefit plan in other comprehensive income for the fiscals 2020 and 2019 are ₹ 18.70 lakhs and ₹ 7.46 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 increase / (decrease) as follows:

(₹ in lakhs)

Increase of 0.50%
Decrease of 0.50%

As at March 31, 2020	As at March 31, 2019
(6.82)	(4.56)
7.41	4.93

If the expected salary growth increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

Increase of 0.50%
Decrease of 0.50%

As at March 31, 2020	As at March 31, 2019
7.41	4.99
(6.89)	(4.65)

Notes forming part of the Financial Statements

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, 2020 as follows:

Year ending March 31,2020	Defined benefit obligations
2021	10.42
2022	10.69
2023	10.73
2024	10.77
2025	10.75
2026	57.59
2026-2029	216.70
	327.65

Provident Fund

In accordance with Indian law, all eligible employees of the Company are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to Regional Provident Fund Commissioner. The Company recognised ₹ 86.03 lakhs and ₹ 81.03 lakhs towards contribution provident fund and family pension fund in fiscals 2020 and 2019 respectively. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

12. 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, 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. Miscellaneous expenses is an aggregation of costs which are individually not material such as courier charges, Banker commission for Bank Guarantee's recruitment and training, entertainment, etc.

(a) Direct costs

Direct costs consists of the following:

	Year ended March 31, 2020	Year ended March 31, 2019
(a) Service charges	8,480.32	6,598.58
(b) Man power supply	2,252.87	2,058.31
	10,733.19	8,656.89

(₹ in lakhs)

Notes forming part of the Financial Statements

(b) Purchase of stock-in-trade

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

- (a) Hardware
- (b) Software
- (C) Stationery

	(₹ in lakhs)
Year ended March 31, 2020	Year ended March 31, 2019
43.35	70.29
-	88.53
292.89	316.72
336.24	475.54

(c) Changes in inventories of stock-in-trade

Inventories at the end of the year:

Stock-in-trade

- (a) Hardware, stationery, etc.

Inventories at the beginning of the year:

Stock-in-trade

- (a) Hardware, stationery, etc.

Net (increase) / decrease

	(₹ in lakhs)
Year ended March 31, 2020	Year ended March 31, 2019
44.81	26.64
44.81	26.64
26.64	29.87
26.64	29.87
(18.17)	3.23

(d) Other expenses

Other expenses consists of the following:

- (a) Consumables
- (b) Lease rentals
- (c) Facility charges
- (d) Repairs and maintenance - Others
- (e) Rates and taxes
- (f) Internet connectivity charges
- (g) Travelling and conveyance
- (h) Printing and stationery
- (i) Business promotion expenses
- (j) Legal and professional fees
- (k) Corporate Social Responsibility (refer Note below)
- (l) Payments to auditors (refer Note 16)
- (m) Software maintenance charges
- (n) Allowance on trade receivables and advances
- (o) Miscellaneous expenses

	(₹ in lakhs)
Year ended March 31, 2020	Year ended March 31, 2019
3.17	9.60
-	63.84
76.73	44.96
48.29	41.53
0.99	2.11
97.43	72.63
33.32	45.50
50.39	16.69
16.51	18.35
69.24	66.32
64.06	74.36
5.20	6.10
73.13	33.03
62.00	143.27
78.69	91.53
679.15	729.82

Notes forming part of the Financial Statements

(e) Corporate Social Responsibility (CSR)

As per section 135 of the Companies Act, 2013, amount required to be spent by the Company during the year ended March 31, 2020 and 2019 is ₹ 64.06 lakhs and ₹ 74.36 lakhs, respectively, computed at 2% of its average net profit for the immediately preceding three financial years, on CSR. The Company incurred an amount of ₹ 64.06 lakhs and ₹ 74.36 lakhs during the year ended March 31, 2020 and 2019, respectively, towards CSR expenditure for purposes other than construction / acquisition of any asset.

13. FINANCE COSTS

Finance costs consists of the following:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense on:		
(i) delayed payment of GST	1.42	35.69
(ii) interest-leases	8.72	-
	10.14	35.69

14. 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.

(a) Change in Tax Rate

During the year the Company has opted for the lower Corporate Tax Rate as per the Taxation Laws (Amendment) Bill, 2019. Domestic tax rate of 22% i.e. effective tax rate of 25.17% (including of surcharge and cess) is applicable from April 1, 2019 onwards without claiming tax incentives. Accordingly, the company has recognized Provision for Income Tax & Deferred Tax Assets on the basis of rate prescribed in the said section.

(b) 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 off-setting advance taxes paid and income tax provisions arising in the same tax jurisdictions and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

(c) 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.

Notes forming part of the Financial Statements

The carrying amount of deferred income tax assets and liabilities 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.

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

(i) The Income - tax expense consists of the following

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax:		
Current tax expenses for current year	1,032.19	1,167.92
Deferred tax:		
Deferred tax expenses / (benefit) for current year	56.65	[115.12]
Total Income tax expense recognised in current year	1,088.84	1,052.80

(ii) Income - tax expense recognised in Other Comprehensive Income (OCI)

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Deferred tax on remeasurement of defined employee benefit plans	4.70	2.17
Total income - tax expense recognised	4.70	2.17

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

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	4,167.09	3,542.98
Indian Statutory income - tax rate	25.168%	29.120%
Expected Income-tax expense	1,048.77	1,031.72
Disallowance U/s 37		
1) CSR expenses	8.05	14.16
- Difference due to Change in Tax rates on opening deferred tax*	32.02	
Others	-	6.92
Total	1,088.84	1,052.80

Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

(₹ in lakhs)

	Opening balance	Recognised /reversed through profit or loss	Recognised /Reversed through other comprehensive income	Recognised / Reversed through retained earnings	Closing balance
Deferred tax assets / (liabilities) in relation to:					
Property, plant and equipment	18.74	(9.32)	-	-	9.42
Provision for employee benefits	63.77	(19.69)	4.70	-	48.78
Provision for doubtful debts	146.47	(4.27)	-	-	142.20
Transition impact of Ind AS 116 (Refer note 6)	-	(0.95)	-	4.47	3.52
Others	0.41	(22.42)	-	-	(22.01)
Total deferred tax assets / (liabilities)	229.39	(56.65)	4.70	4.47	181.91

* Refer note 14(a).

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(₹ in lakhs)

	Opening balance	Recognised /reversed through profit or loss	Recognised / Reversed through other comprehensive income	Recognised / Reversed through retained earnings	Closing balance
Deferred tax assets / (liabilities) in relation to:					
Property, plant and equipment	(46.47)	65.21	-	-	18.74
Provision for employee benefits	48.91	12.69	2.17	-	63.77
Provision for doubtful debts	102.13	44.34	-	-	146.47
Others	7.53	(7.12)	-	-	0.41
Total deferred tax assets / (liabilities)	112.10	115.12	2.17	-	229.39

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

	Assets	Liabilities	Net
As at 31 March, 2020			
Deferred tax assets / (liabilities) in relation to:			
Property, plant and equipment	9.42	-	9.42
Provision for employee benefits	48.78	-	48.78
Provision for doubtful debts	142.20	-	142.20
Transition impact of Ind AS 116 (Refer note 7)	3.52	-	3.52
Others	-	22.01	(22.01)
Total deferred tax assets / (liabilities)	203.92	22.01	181.91

Notes forming part of the Financial Statements

(₹ in lakhs)

As at 31 March, 2019

Deferred tax assets / (liabilities) in relation to:

Property, plant and equipment

Provision for employee benefits

Provision for doubtful debts

Others

Total deferred tax assets / (liabilities)

Assets	Liabilities	Net
18.74	-	18.74
63.77	-	63.77
146.47	-	146.47
1.70	1.29	0.41
230.68	1.29	229.39

15. EARNINGS PER SHARE (EPS)

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.

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year	3,078.25	2,490.18
Amount available for equity shareholders	3,078.25	2,490.18
Weighted average number equity shares	1,770,000	1,770,000
Total weighted average number of equity shares	1,770,000	1,770,000
Basic and diluted earning per share (₹)	173.91	140.69
Face value per equity share (₹)	10.00	10.00

16. AUDITORS REMUNERATION

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Services as statutory auditors (including quarterly audits)	4.10	4.10
Tax Audit	1.00	2.00
Re-imbursement of out-of-pocket expenses	0.10	-
	5.20	6.10

17. 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 Government of Andhra Pradesh and Government 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.

For the year ended March 31, 2020 there are two customers that contribute more than 10% each of total revenue.

Notes forming part of the Financial Statements

18. COMMITMENTS AND CONTINGENCIES

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

(₹ in lakhs)

Contingent liability :

Sales tax demands

- (i) Claims against the Company not acknowledged as debt - disputed sales tax liability

Capital commitment (net of advances) :

- (i) Estimated amount of contracts remaining to be executed on capital account

Year ended March 31, 2020	Year ended March 31, 2019
18.76	18.76
197.72	7.31

19. The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act and amend the definition of wages on which the organisation and its employees are to contribute towards Provident Fund. The Company believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. Additionally, there is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon. Supreme Court vide its ruling in February 2019, in relation to the scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. The Company will evaluate its position and act, as clarity emerges.

20. RELATED PARTY TRANSACTIONS

The Company's principal related parties consist of its holding company, Tata Consultancy Services and its fellow-subsiidiaries, and key managerial personnel. The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

Key Management Personnel (KMP)

Mr. Satish Kumar Elaprolu

(₹ in lakhs)

	Year ended March 31, 2020			
	Tata Consultancy Services	Tata AIA Life Insurance Co Ltd	Tata Tele Services Ltd	Andhra Pradesh Technology Services Limited
Revenue from sale of services and licenses	474.17	0.04	1.03	-
Purchases of goods and services (including reimbursement)*	4,801.32	-	1.15	-
Dividend paid	1,197.23	-	-	147.97
Rent expense	18.63	-	-	-

*The key management personnel of the Company are on deputation and have drawn remuneration of ₹ 55.20 Lakhs from Tata Consultancy Services Limited during the year ended March 31, 2020. Service charges are payable by the Company to Tata Consultancy Services Limited.

Notes forming part of the Financial Statements

(₹ in lakhs)

	Year ended March 31, 2019					
	Tata Consultancy Services	Tata AIA Life Insurance Co Ltd	Tata Tele Services Ltd	TCS Foundation	Andhra Pradesh Technology Services Limited	Total
Revenue from sale of services and licenses	530.58	0.05	1.89	-	-	532.52
Purchases of goods and services (including reimbursement)*	3,483.58	-	2.88	-	-	3,486.46
Dividend paid	1,071.20	-	-	-	132.40	1,203.60
Rent expense	18.63	-	-	-	-	18.63
Corporate social responsibility	-	-	-	46.47	-	46.47

* The key management personnel of the Company are on deputation and have drawn remuneration of ₹ 52.92 Lakhs from Tata Consultancy Services Limited during the year ended March 31, 2019. Service charges are payable by the Company to Tata Consultancy Services Limited.

Balances receivables from related parties are as follows:

(₹ in lakhs)

	Year ended March 31, 2020		
	Tata Consultancy Services	Tata AIA Life Insurance Co Ltd	Total
Trade receivables and unbilled receivables	324.73	0.04	324.77
Total	324.73	0.04	324.77

(₹ in lakhs)

	Year ended March 31, 2019		
	Tata Consultancy Services	Tata AIA Life Insurance Co Ltd	Total
Trade receivables and unbilled receivables	232.08	0.08	232.16
Total	232.08	0.08	232.16

Balances payable to related parties are as follows:

(₹ in lakhs)

	Year ended March 31, 2020		
	Tata Consultancy Services	Tata Tele Services Ltd	Total
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	1,294.62	0.01	1,294.63

(₹ in lakhs)

	Year ended March 31, 2019		
	Tata Consultancy Services	Tata Tele Services Ltd	Total
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	245.53	0.39	245.92

Notes forming part of the Financial Statements

21. SUBSEQUENT EVENT

Dividends paid during the year ended March 31, 2020 include an amount of ₹ 76 per equity share for the year ended March 31, 2019. Dividends paid during the year ended March 31, 2019 include an amount of ₹ 68 per equity share towards dividend for the year ended March 31, 2018.

Dividends declared by the Company are based on the profit available for distribution. Distribution of dividends out of general reserve and retained earnings. On May 13, 2020 the Board of Directors of the Company have proposed a final dividend of ₹ 96 per share in respect of the year ended March 31, 2020 subject to the approval of shareholders at the Annual General Meeting. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately ₹ 1700 lakhs.

For **B S R & Co. LLP**

Chartered Accountants

Firm's registration number : 101248W/W-100022

Balajirao Pothana

Partner

Membership number : 122632

Mumbai, May 13, 2020

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

Tej Paul Bhatla

Director

DIN:08491426

V Rajanna

Director

DIN:01280277

MPONLINE LIMITED
FINANCIAL STATEMENTS

For the year ended
March 31, 2020

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MPONLINE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MPOnline Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss (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) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
 - (a) As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (b) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 18 to the financial statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - (iv) The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
 - (c) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

According to the information and explanations given to us, no remuneration has been paid by the Company to any of its directors. Accordingly, provisions of Section 197 of the Act relating to remuneration to directors are not applicable.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Balajirao Pothana

Partner

Membership No: 122632

UDIN: 20122632AAAAAJ437

Mumbai
14 May 2020

ANNEXURE – A TO THE INDEPENDENT AUDITORS’ REPORT

With reference to the Annexure A referred to in the Independent Auditor’s Report to the members of the Company on the financial statements for the year ended 31 March 2020, 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, all 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.

In respect of immovable properties taken on lease and disclosed as right-of-use-assets in the financial statements, the lease agreements are in the name of 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 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 provisions of clause 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 made any investments or provided any guarantee or securities to the parties covered under Section 185 and Section 186 of the Act during the year. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.
5. The Company has not accepted any deposits from the public within the meaning of the directive issued by the Reserve Bank of India, provision 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 rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to 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, Goods and Services 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.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees’ State Insurance, Income-tax, Goods and Services tax, Cess and other material statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax or Service tax or Goods and Services 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 (₹ in Lakhs)	Amount paid under protest (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Finance Act, 1994	Service tax	2,995.28	112.32	October 2009 to September 2014	Appellate Tribunal
The Finance Act, 1994	Service tax	1,273.16	95.49	October 2014 to March 2016	Appellate Tribunal
The Finance Act, 1994	Service tax	997.32	67.99	April 2016 to June 2017	Appellate Tribunal

8. In our opinion and according to the information and explanations given to us, the Company did not have any outstanding loans or borrowings from any financial institution or banks or Government or 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) and 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 Company, the Company has paid /provided managerial remuneration in accordance with requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
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 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 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

UDIN: 20122632AAAAAJ437

Mumbai

14 May 2020

ANNEXURE – B TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of MPOnline Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Balajirao Pothana

Partner

Membership No: 122632

UDIN: 20122632AAAAAJ437

Mumbai

14 May 2020

Balance Sheet

(₹ in lakhs)

	Note	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
Non - current assets			
Property, plant and equipment	7a)	295.57	280.65
Right-of-use assets	6	554.28	-
Financial assets			
Other financial assets	5f)	21.37	21.37
Income tax assets (net)		107.93	197.88
Deferred tax assets (net)	14	42.25	21.72
Other assets	7b)	290.37	252.85
Total non-current assets		1,311.77	774.47
Current assets			
Financial assets			
Investments	5a)	1,458.44	1,072.71
Trade receivables	5b)	656.09	1,090.93
Cash and cash equivalents	5c)	785.89	1,174.79
Other balances with banks	5d)	43.62	2,040.00
Loans receivables	5e)	8,659.50	5,742.57
Other financial assets	5f)	221.40	525.44
Other assets	7b)	551.37	117.15
Total current assets		12,376.31	11,763.59
TOTAL ASSETS		13,688.08	12,538.06
II. EQUITY AND LIABILITIES			
Equity			
Share capital	5m)	100.00	100.00
Other equity	8	9,773.28	9,301.83
Total Equity		9,873.28	9,401.83
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities		583.23	-
Employee benefit obligations	11	53.17	19.02
Other liabilities	7c)	-	35.99
Total non-current liabilities		636.40	55.01
Current liabilities			
Financial liabilities			
Lease liabilities		48.55	-
Trade payables			
Dues to creditors other than micro enterprises and small enterprises	5h)	317.83	340.31
Other financial liabilities	5i)	1,926.69	1,797.32
Unearned and deferred revenue		2.41	10.23
Employee benefit obligation	11	6.36	24.49
Income tax liabilities (net)		31.65	87.49
Other liabilities	7c)	844.91	821.38
Total current liabilities		3,178.40	3,081.22
TOTAL EQUITY AND LIABILITIES		13,688.08	12,538.06
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-20		

As per our report of even date attached

FOR B S R & Co. LLP

Chartered Accountants

Firm Registration no. 101248W/W-100022

Balajirao Pothana

Partner

Membership no. 122632

Mumbai, May 14, 2020

Lakshminarayanan G S

Director

Tej Bhatla

Director

For and on behalf of the Board of MPOnline Limited

Statement of Profit and Loss

(₹ in lakhs)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	9	7,047.55	7,669.37
Other income	10	750.94	643.92
TOTAL INCOME		7,798.49	8,313.29
Expenses			
Employee benefit expenses	11	1,003.23	914.33
Other expenses	12a)	4,211.52	4,375.60
Depreciation and amortisation expense	6, 7a)	125.03	74.48
Finance cost	13	56.14	-
TOTAL EXPENSES		5,395.92	5,364.41
PROFIT BEFORE TAX		2,402.57	2,948.88
Tax expense			
Current tax	14	617.41	917.61
Deferred tax	14	(11.46)	(30.70)
TOTAL TAX EXPENSES		605.95	886.91
PROFIT FOR THE YEAR		1,796.62	2,061.97
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified subsequently to profit and loss			
Remeasurement of defined employee benefit plans		(8.06)	(6.59)
Income tax on items that will not be reclassified subsequently to profit and loss		2.03	1.92
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		(6.03)	(4.67)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		1,790.59	2,057.30
Earnings per equity share - Basic and diluted (₹)	15	179.66	206.20
Weighted average number of equity shares		10,00,000	10,00,000
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-20		

As per our report of even date attached

For and on behalf of the Board of MPOnline Limited

FOR BSR & Co. LLP

Chartered Accountants

Firm Registration no. 101248W/W-100022

Balajirao Pothana

Partner

Membership no. 122632

Mumbai, May 14, 2020

Lakshminarayanan G S

Director

Tej Bhatla

Director

Statement of Changes in Equity

A) EQUITY SHARE CAPITAL

(₹ in lakhs)

Balance as at April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
100	-	100

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
100	-	100

* Refer note 5(m)

B) OTHER EQUITY

(₹ in lakhs)

	General reserve	Retained earnings	Total Equity
Balance as at April 1, 2018	519.00	8,027.53	8,546.53
Profit for the year		2,061.97	2,061.97
Other comprehensive income		(4.67)	(4.67)
Total comprehensive income	519.00	10,084.83	10,603.83
Dividend		(1,080.00)	(1,080.00)
Tax on dividend		(222.00)	(222.00)
Balance as at March 31, 2019	519.00	8,782.83	9,301.83
Balance as at April 01, 2019	519.00	8,782.83	9,301.83
Transition impact of Ind AS 116 (net of tax)		(17.14)	(17.14)
Restated balance as at April 1, 2019	519.00	8,765.69	9,284.69
Profit for the year		1,796.62	1,796.62
Other comprehensive income		(6.03)	(6.03)
Total comprehensive income	519.00	10,556.28	11,075.28
Dividend		(1,080.00)	(1,080.00)
Tax on dividend		(222.00)	(222.00)
Balance as at March 31, 2019	519.00	9,254.28	9,773.28

Nature and purpose of reserves

General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an 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 1-20

As per our report of even date attached

For and on behalf of the Board of MPOnline Limited

FOR BSR & Co. LLP

Chartered Accountants

Firm Registration no. 101248W/W-100022

Balajirao Pothana

Partner

Membership no. 122632

Mumbai, May 14, 2020

Lakshminarayanan G S

Director

Tej Bhatla

Director

Statement of Cash Flows

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
I CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	2,402.57	2,948.88
Adjustments to reconcile profit or loss to net cash provided by operating activities		
Operating activities		
Depreciation and amortisation expense	125.03	74.48
Net gain on investements	(66.68)	(62.34)
Interest income	(635.64)	(540.85)
Unrealised gain on investments	(7.08)	(40.73)
Finance costs	56.14	-
Operating profit before working capital changes	1,874.34	2,379.44
Net change in		
Trade receivables	434.84	(488.98)
Unbilled receivables	-	13.61
Loans and other financial assets	(2.39)	579.24
Other assets	(484.69)	41.24
Trade payables	(22.48)	(51.03)
Unearned and deferred revenue	(7.82)	(54.12)
Employee benefit obligation	7.96	17.54
Other liabilities and provisions	153.08	-
Cash generated from operations	1,952.84	2,436.94
Taxes paid (net of refunds)	(583.30)	(890.82)
Net cash provided by/operating activities	1,369.54	1,546.12
II CASH FLOWS FROM INVESTING ACTIVITIES		
Bank deposits placed	(8.62)	(3,990.92)
Inter-corporate deposits placed	(8,656.76)	(1,000.00)
Purchase of investments	(1,800.00)	(437.66)
Payment for purchase of property, plant and equipment	(89.89)	(197.96)
Proceeds from bank deposits	2,005.00	2,000.00
Proceeds from inter-corporate deposits	5,742.22	-
Proceeds from disposal / redemption of investments	1,488.03	3,837.66
Interest received	939.68	119.11
Net cash provided by/(used in) investing activities	(380.34)	330.23
III CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend	(1,080.00)	(1,080.00)
Tax on dividend	(222.00)	(222.00)
Interest paid	(43.20)	-
Repayment of lease liabilities	(32.90)	-
Net cash (used in) financing activities	(1,378.10)	(1,302.00)
Net change in cash and cash equivalents	(388.90)	574.35
Cash and cash equivalents at the beginning of the year	1,174.79	600.44
Cash and cash equivalents at the end of the year (Refer Note 5c)	785.89	1,174.79
NOTES FORMING PART OF THE FINANCIAL STATEMENTS		

1-20

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'

As per our report of even date attached

For and on behalf of the Board of MPOnline Limited

FOR B S R & Co. LLP

Chartered Accountants

Firm Registration no. 101248W/W-100022

Balajirao Pothana

Partner

Membership no. 122632

Mumbai, May 14, 2020

Lakshminarayanan G S

Director

Tej Bhatla

Director

Notes forming part of the Financial Statements

1. CORPORATE INFORMATION

MPOnline Limited (herein referred to as 'the Company') is a subsidiary of Tata Consultancy Services Limited ('TCS' or 'Holding Company') 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 and insurance companies.

The Company, is a public company 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 , 2020 Tata Consultancy Services Limited, the holding company owned 89% of the Company's equity share capital. Tata Sons Private Limited is the ultimate parent.

The Company is a venture between Tata Consultancy Services Limited and Madhya Pradesh State Electronics Development Corporation Limited ('Significant Shareholder'). The shareholding agreement between parties is valid until March 31, 2027.

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on May 14, 2020.

2. 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.

3. BASIS OF PREPARATION

These financial statements have been prepared in Indian Rupee which is the functional currency of the Company. These financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair values at the end of each reporting period and employee retirement obligations as explained in the accounting policies below. Historical cost is generally based on fair value of consideration given in 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.

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in division II of Schedule III to the Company's Act, 2013. Based on the nature of services rendered to customer and time elapsed between deployment of resources and realisation in cash and cash equivalents of the consideration for such a services rendered, the Company has considered an operating cycle of 12 months.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of these 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 relating to contingent liabilities as 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. The Company uses the following critical accounting estimates in preparation of its financial statements :

a) 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.

b) 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

Notes forming part of the Financial Statements

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.

c) Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

d) Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

e) Employee benefits

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

f) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY 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.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Notes forming part of the 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 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 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 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.

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 issued by the Company are recognised at the proceeds received net of direct issue cost.

Impairment of 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.

a) Investments

Investments consist of the following:

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Investments - current		
Investments carried at fair value through profit or loss		
Mutual funds units (quoted)	1,458.44	1,072.71
	1,458.44	1,072.71

Notes forming part of the Financial Statements

Aggregate value of quoted investments is as follows:

(₹ in lakhs)

Aggregate value of quoted investments
Aggregate market value of quoted investments

As at March 31, 2020	As at March 31, 2019
1,458.44	1,072.71
1,458.44	1,072.71

b) Trade Receivables

Trade receivables (unsecured) consist of the following:

(₹ in lakhs)

Trade receivables - Current

Trade receivables - Considered good

As at March 31, 2020	As at March 31, 2019
656.09	1,090.93
656.09	1,090.93

Above balances of trade receivables include balances with related parties (Refer note 19).

c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

(₹ in lakhs)

Balances with banks

In current accounts

As at March 31, 2020	As at March 31, 2019
785.89	1,174.79
785.89	1,174.79

d) Other balances with banks

Other balances with banks consist of the following:

(₹ in lakhs)

Earmarked balances with banks *

Short-term bank deposits

As at March 31, 2020	As at March 31, 2019
43.62	40.00
-	2,000.00
43.62	2,040.00

* Earmarked balances includes balances held as margin money against guarantees.

Notes forming part of the Financial Statements

e) Loans receivables

Loans receivables (unsecured) consist of the following:

(₹ in lakhs)

Loans receivables - Current

Unsecured, considered good

Loans and advances to employee

Inter-corporate deposits*

As at March 31, 2020	As at March 31, 2019
2.74	0.35
8,656.76	5,742.22
8,659.50	5,742.57

* Inter-corporate deposits placed with financial institutions yield fixed interest rate.

f) Other financial assets

Other financial assets consist of the following:

(₹ in lakhs)

Other financial assets - Non-current

Security deposits

As at March 31, 2020	As at March 31, 2019
21.37	21.37
21.37	21.37
Other financial assets - Current	
Interest receivable	
221.40	525.44
221.40	525.44

g) Micro and small enterprises

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by 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.

h) Trade payables

(₹ in lakhs)

Others

As at March 31, 2020	As at March 31, 2019
317.83	340.31
317.83	340.31

i) Other financial liabilities

Other financial liabilities consist of the following:

(₹ in lakhs)

Other financial liabilities - Current

Amount collected on behalf of customers

Security deposits received

Accrued payroll

As at March 31, 2020	As at March 31, 2019
1,914.55	1,783.39
11.11	12.61
1.03	1.32
1,926.69	1,797.32

Notes forming part of the Financial Statements

j) Financial instruments by category

The carrying value of financial instruments by categories as of March 31, 2020 is as follows:

(₹ in lakhs)

	Fair value through profit or loss	Amortised cost	Total carrying value
Financial assets			
Cash and cash equivalents	-	785.89	785.89
Earmarked bank balances	-	43.62	43.62
Investments	1,458.44	-	1,458.44
Trade receivables	-	656.09	656.09
Loans receivables*	-	8,659.50	8,659.50
Other financial assets	-	242.77	242.77
Total	1,458.44	10,387.87	11,846.31
Financial liabilities			
Trade payables	-	317.83	317.83
Lease liabilities	-	631.78	631.78
Other financial liabilities	-	1,926.69	1,926.69
Total	-	2,876.30	2,876.30

* Loans include inter-corporate deposits of ₹ 8,656.76 lakhs, with original maturity period within 12 months

The carrying value of financial instruments by categories as of March 31, 2019 is as follows:

(₹ in lakhs)

	Fair value through profit or loss	Amortised cost	Total carrying value
Financial assets			
Cash and cash equivalents	-	1,174.79	1,174.79
Bank deposits	-	2,000.00	2,000.00
Earmarked bank balances	-	40.00	40.00
Investments	1,072.71	-	1,072.71
Trade receivables	-	1,090.93	1,090.93
Loans receivables*	-	5,742.57	5,742.57
Other financial assets	-	546.81	546.81
Total	1,072.71	10,595.10	11,667.81
Financial liabilities			
Trade payables	-	340.31	340.31
Other financial liabilities	-	1,797.32	1,797.32
Total	-	2,137.63	2,137.63

* Loans include inter-corporate deposits of ₹ 5,742.22 lakhs, with original maturity within 12 months.

Notes forming part of the Financial Statements

Measurement of fair value

The management assessed the fair values of cash and cash equivalents, trade receivables, unbilled revenue, loan receivables, other financial assets, trade payable and other financial liabilities at their carrying amounts due to short term maturities of these investments.

k) 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 and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

(₹ in lakhs)

As at March 31, 2020

Financial assets

Mutual fund units

Total

Level 1	Level 2	Level 3	Total
1,458.44	-	-	1,458.44
1,458.44	-	-	1,458.44

(₹ in lakhs)

As at March 31, 2019

Financial assets

Mutual fund units

Total

Level 1	Level 2	Level 3	Total
1,072.71	-	-	1,072.71
1,072.71	-	-	1,072.71

l) 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 focus of the Board is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

Market risk

Market risk is the risk that the fair value or future cash 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.

Foreign currency exchange rate risk

The Company has no exposure to foreign currency risk.

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.

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

Notes forming part of the Financial Statements

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 receivables, investments, cash and cash equivalents, bank deposits and other financial assets. Inter-corporate deposits of ₹ 8,656.76 lakhs and ₹ 5,742.22 lakhs as of March 31, 2020 and 2019, 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 ₹ 11,846.31 lakhs and ₹ 11,667.81 lakhs as of March 31, 2020 and 2019, respectively, being the total of the Carrying amount of balances with banks, bank deposits, investments, trade receivables and other financial assets.

Of the trade receivables balance as at March 31, 2020 is due from following three largest customers of the Company. There are no other customers who represent more than 10% of the total trade receivables and unbilled receivables.

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Customer A	-	158.64
Customer B	324.45	490.89
Customer C	191.76	191.76
Customer D	90.41	101.30
	606.62	942.59

Geographic concentration of credit risk

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

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:

(₹ in lakhs)

March 31, 2020	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total
Trade and other payables	317.83	-	-	-	317.83
Lease liabilities	76.95	82.33	182.67	1,535.81	1,877.76
Other financial liabilities	1,926.69	-	-	-	1,926.69
Total	2,321.47	82.33	182.67	1,535.81	4,122.28
March 31, 2019	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total
Trade and other payables	340.31	-	-	-	340.31
Other financial liabilities	1,797.32	-	-	-	1,797.32
Total	2,137.63	-	-	-	2,137.63

Notes forming part of the Financial Statements

Other risk – Impact of COVID-19

Financial instruments carried at fair value as at March 31, 2020 is ₹ 11,846.31 lakhs and financial instruments carried at amortised cost as at March 31, 2020 is ₹ 10,387.87 lakhs. A significant part of the financial assets are classified as Level 1 having fair value of ₹ 1,458.44 lakhs. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Company are mainly investments in liquid debt securities and accordingly, no material volatility is expected.

Financial assets of ₹ 829.51 lakhs carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of ₹ 656.09 lakhs forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the financial strength of the customers in respect of whom amounts are receivable.

m) Equity instruments

The authorised, issued, subscribed and fully paid-up share capital comprises of the following:

(₹ in lakhs)

Authorised

10,00,000 equity shares of ₹ 10 each

(March 31, 2019 : 10,00,000 Equity shares of ₹ 10 each)

Issued, Subscribed and Fully paid up

10,00,000 equity shares of ₹ 10 each

(March 31, 2019 : 10,00,000 Equity shares of ₹ 10 each)

Total

As at March 31, 2020	As at March 31, 2019
100.00	100.00
100.00	100.00
100.00	100.00

a. Reconciliation of the number of shares

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount (₹ in lakhs)	Number of shares	Amount (₹ in lakhs)
Equity shares				
Opening balance	10,00,000	100.00	10,00,000	100.00
Issued during the year	-	-	-	-
Closing balance	10,00,000	100.00	10,00,000	100.00

b. 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 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 the interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Notes forming part of the Financial Statements

c. Shares held by holding company

Number of shares	
As at March 31, 2020	As at March 31, 2019
Equity shares	
Holding Company	
8,90,000 equity shares (March 31, 2019: 8,90,000) are held by Tata Consultancy Services Limited	8,90,000

d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	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 Limited	1,10,000	11%	1,10,000	11%
Tata Consultancy Services Limited	8,90,000	89%	8,90,000	89%

- e. The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

6. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with

Notes forming part of the Financial Statements

reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Refer note 2(f) – Significant accounting policies – Leases in the Annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 604.34 lakhs and a corresponding lease liability of ₹ 651.74 lakhs has been recognized. The cumulative effect on transition in retained earnings net off taxes is ₹ 17.14 lakhs (including a deferred tax of ₹ 7.04 lakhs). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 8.61% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

Notes forming part of the Financial Statements

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The details of the right-of-use asset held by the Company is as follows:

(₹ in lakhs)

	Additions for the year ended March 31, 2020	Net carrying amount as at March 31, 2020
Leasehold Building	-	554.28
	-	554.28

(₹ in lakhs)

	Year ended March 31, 2020
Depreciation	
Leasehold Building	50.06
	50.06

Interest on lease liabilities is ₹ 56.14 lakhs for the year ended March 31, 2020.

The total cash outflow for leases is ₹ 76.10 lakhs for the year ended March 31, 2020.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

7. NON-FINANCIAL ASSETS AND NON-FINANCIAL LIABILITIES

a) 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 values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

Notes forming part of the Financial Statements

The estimated useful lives are as mentioned below:

Type of asset	Useful lives
Leasehold improvements	Lease term
Computer equipment	4 years
Vehicles	4 years
Office equipment	5 years
Electrical installations	10 years
Furniture and fixtures	5 years

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

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.

Property, plant and equipment consist of the following:

(₹ in lakhs)

Description	Leasehold Improvements	Computer equipment	Vehicles	Office equipment	Electrical Installations	Furniture and fixtures	Total
Cost as at April 1, 2019	204.00	471.31	9.04	109.19	16.28	52.69	862.51
Additions	-	89.65	-	0.24	-	-	89.89
Disposals	-	-	-	-	-	-	-
Cost as at March 31, 2020	204.00	560.96	9.04	109.43	16.28	52.69	952.40
Accumulated depreciation as at April 1, 2019	(30.71)	(427.35)	(9.04)	(50.85)	(15.15)	(48.76)	(581.86)
Disposals	-	-	-	-	-	-	-
Depreciation for the year	(11.87)	(40.24)	-	(18.47)	(0.46)	(3.93)	(74.97)
Accumulated depreciation as at March 31, 2020	(42.58)	(467.59)	(9.04)	(69.32)	(15.61)	(52.69)	(656.83)
Net carrying amount as at March 31, 2020	161.42	93.37	-	40.11	0.67	-	295.57

Notes forming part of the Financial Statements

(₹ in lakhs)

Description	Leasehold Improvements	Computer equipment	Vehicles	Office equipment	Electrical Installations	Furniture and fixtures	Total
Cost as at April 1, 2018	117.35	512.25	9.04	87.69	58.75	99.53	884.61
Additions	143.30	-	-	54.63	-	-	197.93
Disposals	(56.65)	(40.94)	-	(33.13)	(42.47)	(46.84)	(220.03)
Cost as at March 31, 2019	204.00	471.31	9.04	109.19	16.28	52.69	862.51
Accumulated depreciation as at April 1, 2018	(77.91)	(422.53)	(9.04)	(69.66)	(57.10)	(91.17)	(727.41)
Disposals	56.65	40.94	-	33.13	42.47	46.84	220.03
Depreciation for the year	(9.45)	(45.76)	-	(14.32)	(0.52)	(4.43)	(74.48)
Accumulated depreciation as at March 31, 2019	(30.71)	(427.35)	(9.04)	(50.85)	(15.15)	(48.76)	(581.86)
Net carrying amount as at March 31, 2019	173.29	43.96	-	58.34	1.13	3.93	280.65

b) Other assets

Other assets consist of the following:

Other assets - Non - current

(₹ in lakhs)

Unsecured, considered good

Prepaid expenses
Balance with Government authorities

As at March 31, 2020	As at March 31, 2019
14.57	45.04
275.80	207.81
290.37	252.85

Other assets - Current

(₹ in lakhs)

Unsecured, considered good

Prepaid expenses
Advance to suppliers

As at March 31, 2020	As at March 31, 2019
50.30	52.62
501.07	64.53
551.37	117.15

Prepaid rent of ₹ 12.95 has been reclassified to right-to-use asset pursuant to transition to Ind AS 116.

Notes forming part of the Financial Statements

c) Other liabilities

Other liabilities consist of the following:

Other liabilities - Non-current

(₹ in lakhs)

Operating lease liabilities

As at March 31, 2020	As at March 31, 2019
-	35.99
-	35.99
-	35.99

Other liabilities - Current

(₹ in lakhs)

Advance received from collection agents

Indirect tax payable and other statutory liabilities

Operating Lease liabilities

As at March 31, 2020	As at March 31, 2019
813.26	735.75
31.65	85.45
-	0.18
844.91	821.38

Operating lease liability of ₹ 36.17 lakhs has been reclassified to retained earnings pursuant to transition to Ind AS 116.

8. OTHER EQUITY

(₹ in lakhs)

General reserve

Opening balance and closing balance

Retained earnings

Opening balance

Profit for the year

Other comprehensive income

Transition impact of Ind AS 116 (net of tax)

Total comprehensive income

Dividend

Tax on dividend

As at March 31, 2020	As at March 31, 2019
519.00	519.00
519.00	519.00
8,782.83	8,027.53
1,796.62	2,061.97
(6.03)	(4.67)
(17.14)	-
10,556.28	10,084.83
(1,080.00)	(1,080.00)
(222.00)	(222.00)
9,254.28	8,782.83
9,773.28	9,301.83

Notes forming part of the Financial Statements

9. REVENUE RECOGNITION

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

Revenue from time and material is recognised on output basis measured by number of transactions processed.

Revenue is measured based on the transaction price, which is the consideration as specified in the contract with the customer. Revenue excludes taxes collected from customers.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The Company disaggregates revenue from contracts with customers by nature of services.

Revenue disaggregation by nature is as follows:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Transaction revenue	7,001.01	7,579.01
Adhar authentication	-	2.06
Franchisee fees	38.47	37.78
Manpower supply	8.07	49.11
Other income	-	1.41
	7,047.55	7,669.37

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient aligning Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

The Company does not have any contract assets.

Movement in contract liabilities is given below:

	(₹ in lakhs)
	Amount
Opening balance as on April 1, 2019	10.23
Less : Revenue recognised that was included in the contract liability balance at the beginning of the period.	9.10
Add : Increase due to invoicing during the year, excluding amounts recognised as revenue during the year.	1.28
Closing balance as on March 31, 2020	2.41

For the current year, the revenue recognised in the statement of profit and loss equals to the contracted price. All the revenue is derived in the state of Madhya Pradesh in India

Impact of COVID-19

Majority of the Company's business is with the states of Madhya Pradesh. Business is diversified into different streams like 1). Educational services - Entrance examinations and provisioning of related services like pre and post exam process works (61% of total revenue). 2). Utility services - Providing web based services (Government to citizens, Government to business) and other portfolio services of Government (22% of total revenue). 3). Recruitment services - Conducting of recruitment examinations for PEB and other Government departments, entrance examinations (17% of total revenue)

Notes forming part of the Financial Statements

As the business is carried out with state governments, Company is not expecting any downfall in revenue except citizen services. No impact is seen in FY 2019-20 revenue.

10. OTHER INCOME

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

Other income (net) consist of the following :

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest income	635.64	540.85
Net gain on investments carried at fair value through profit or loss	7.08	40.73
Net gain on sale of investments carried at amortised cost	66.68	62.34
Interest income on income tax refunds	41.54	-
	750.94	643.92
Interest income comprises :		
Interest on bank deposits	121.55	134.74
Interest income on corporate deposit	514.09	406.11

11. EMPLOYEE BENEFITS

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. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in 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.

Defined contribution plans

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

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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.

Notes forming part of the Financial Statements

Employee benefit expenses consist of the following:

(₹ in lakhs)

Salaries, incentives and allowances
Contribution to provident and other funds
Staff welfare expenses

Year ended March 31, 2020	Year ended March 31, 2019
910.09	832.15
39.40	37.81
53.74	44.37
1,003.23	914.33

Employee benefit obligations consist of the following:

Employee benefit obligation - Non-Current

(₹ in lakhs)

Gratuity
Compensated absences

As at March 31, 2020	As at March 31, 2019
25.96	10.54
27.21	8.48
53.17	19.02

Employee benefit obligation - Current

(₹ in lakhs)

Compensated absences

As at March 31, 2020	As at March 31, 2019
6.36	24.49
6.36	24.49

Employee benefit plans consist of the following:

Gratuity

In accordance with law, the Company operates a scheme of 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 of employment of an amount equivalent to 15 to 30 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years 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 amounts recognised in the financial statements:

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Change in benefit obligations		
Benefit obligations, beginning of the year	46.91	32.51
Service cost	7.46	6.00
Interest cost	3.52	2.52
Actuarial Losses on obligations for the year	7.58	5.88
Benefit paid	(0.91)	-
Benefit obligations, end of the year	64.56	46.91
Change in plan assets		
Fair value of plan assets, beginning of the year	36.36	33.54
Interest income	2.73	2.59
Employer's contributions	-	0.93
Return on plan assets, excluding interest income	(0.47)	(0.71)
Fair value of plan assets, end of the year	38.62	36.36

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Net obligation:		
(Deficit) of plan assets over obligations	(25.94)	(10.55)
	(25.94)	(10.55)

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Category of assets:		
Insurer managed funds	38.62	36.36
	38.62	36.36

Notes forming part of the Financial Statements

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

(₹ in lakhs)

Service cost

Net interest on net defined benefit liability / (asset)

Net periodic gratuity / pension cost

Actual return on plan assets

As at March 31, 2020	As at March 31, 2019
7.46	6.00
0.79	(0.07)
8.25	5.92
2.73	2.59

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

(₹ in lakhs)

Actuarial (gains) arising from changes in demographic assumptions

Actuarial losses arising from changes in financial assumptions

Actuarial losses arising from changes in experience adjustments

Return on plan assets, excluding interest income

Remeasurement of the net defined benefit liability / (assets)

As at March 31, 2020	As at March 31, 2019
(1.75)	(1.33)
7.28	5.39
2.06	1.82
0.47	0.71
8.06	6.59

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

(₹ in lakhs)

Discount rate

Salary escalation rate

Attrition rate

i) If Services < = 5 years

ii) If Services > 5 years

Mortality Rate

Year ended March 31, 2020	Year ended March 31, 2019
6.75%	7.50%
7%	7%
18.21%	17.00%
1.88%	6.00%
Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

The Company is expected to contribute ₹ 3.39 lakhs to the defined benefit plan obligation for the year ending March 31, 2020.

Remeasurement (gain) / loss of defined employee benefit plan in other comprehensive income for the fiscals 2020 and 2019 are ₹ 8.06 lakhs and ₹ 6.59 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.

Notes forming part of the Financial Statements

If the discount rate increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Increase of 0.50%	(4.98)	(2.27)
Decrease of 0.50%	5.56	2.48

If the expected salary growth increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Increase of 0.50%	5.52	2.48
Decrease of 0.50%	(4.99)	(2.29)

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.

The defined benefit obligations shall mature after year ended March 31, 2020 as follows:

(₹ in lakhs)

Year ending March 31,	Defined benefit obligations
2021	3.39
2022	1.55
2023	1.70
2024	1.60
2025	1.52
2026 to 2030	10.83

Provident Fund

In accordance with law, the employees of the Company are 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 ₹ 27.72 lakhs (March 31, 2019: ₹ 27.31 lakhs) for provident fund during the year ended March 31, 2020.

Notes forming part of the Financial Statements

12. 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 expense and other expenses. Other expenses mainly include fees to external consultants, facility expenses, travel expenses, cost of equipment and software licences, communication expenses, commission, bad debts and advances written off, allowance for doubtful trade receivable and advances (net) 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.

a) Other expenses

Other expenses consist of the following:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Fees to external consultants	541.54	884.47
Facility expenses	305.91	394.11
Cost of equipment and software licences	22.11	36.86
Communication expenses	249.26	225.93
Commission	2,889.50	2,705.29
Expenditure on Corporate Social Responsibility	62.89	58.43
Others (includes auditors remuneration)	140.31	70.51
	4,211.52	4,375.60

b) Corporate Social Responsibility (CSR) expenditure

The Company has contributed an amount of ₹ 32.85 Lakhs to Arushi Society (welfare of children with disabilities) and ₹ 30.04 lakhs to Madhuri Ayaam Education and Welfare Socieity (welfare of children with disabilities) for the year ended March 31, 2020 and ₹ 40 Lakhs to Arushi Society (welfare of children with disabilities) and ₹ 18.43 lakhs to MP Gopalan Board (Protection of flora and fauna and animal welfare) for the year ended March 31, 2019.

Computed at 2% of its average net profit for the immediately preceding three financial years, on Corporate Social Responsibility (CSR). The Company has spent an amount of ₹ 62.89 lakhs and ₹ 58.42 lakhs during the year ended March 31, 2020 and 2019, respectively, towards CSR expenditure for purposes other than construction / acquisition of any asset.

13. FINANCE COSTS

Finance costs consist of the following:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest on lease liabilities	56.14	-
	56.14	-

14. INCOME TAX

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 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.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

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.

Change in tax rate

During the year the Company has opted for the lower Corporate Tax Rate as per the Taxation Laws (Amendment) Bill, 2019. Domestic tax rate of 22% i.e. effective tax rate of 25.17% (including of surcharge and cess) is applicable from April 1, 2019 onwards without claiming tax incentives. Accordingly, the company has recognized provision for income tax and deferred tax assets on the basis of rate prescribed in the said section. The impact on deferred tax asset as on April 01, 2019 will be reduced by ₹ 2.21 lakhs, calculated as per new rate of 25.17%.

The income tax expense consists of the following:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Current Tax		
Current tax expenses for current year	617.41	917.61
	617.41	917.61
Deferred tax expenses/(benefit)	(11.46)	(30.70)
	(11.46)	(30.70)
Total income tax expense recognised in current year	605.95	886.91
Income tax expense recognised in OCI		
Deferred tax on remeasurement of defined employee benefit plan.	2.03	1.92

Notes forming part of the Financial Statements

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

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit before income taxes	2,402.57	2,948.88
Indian statutory income tax rate	25.17%	29.12%
Expected income tax expense	604.73	858.71
Tax effect of adjustments to reconcile expected income tax expense		
Disallowance of CSR expenses	7.91	8.51
Difference due to tax rate change	2.21	-
Others (net)	(8.90)	19.69
Total income tax expense	605.95	886.91

Deferred tax balance

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

(₹ in lakhs)

	Opening balance	Recognised in profit and loss	Recognised through OCI	Recognised through Retained earning	Closing balance
Deferred tax assets / (liabilities) in relation to					
Property, plant and equipment	40.17	(10.70)	-	-	29.47
Provision for employee benefits	13.06	0.15	2.03	-	15.24
Unrealised gain / on securities carried at fair value through profit or loss / other comprehensive income	(13.60)	0.06	-	-	(13.54)
Operating lease liabilities	10.53	1.93	-	7.04	19.50
Others	(28.44)	20.02	-	-	(8.42)
Net deferred tax assets / (liabilities)	21.72	11.46	2.03	7.04	42.25

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

As at March 31, 2020

Deferred tax assets / (liabilities) in relation to

Property, plant and equipment	29.47	-	29.47
Provision for employee benefits	15.24	-	15.24
Unrealised gain / on securities carried at fair value through profit or loss / other comprehensive income	-	13.54	(13.54)
Operating lease liabilities	19.50	-	19.50
Others	-	8.42	(8.42)
Total deferred tax assets / (liabilities)	64.21	21.96	42.25

Assets	Liabilities	Net
29.47	-	29.47
15.24	-	15.24
-	13.54	(13.54)
19.50	-	19.50
-	8.42	(8.42)
64.21	21.96	42.25

Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(₹ in lakhs)

	Opening balance	Recognised in profit and loss	Recognised through OCI	Recognised through Retained earning	Closing balance
Deferred tax assets / (liabilities) in relation to					
Property, plant and equipment	44.50	(4.33)	-	-	40.17
Provision for employee benefits	9.39	1.75	1.92	-	13.06
Unrealised gain / on securities carried at fair value through profit or loss / other comprehensive income	(48.08)	34.48	-	-	(13.60)
Operating lease liabilities	5.41	5.12	-	-	10.53
Others	(22.12)	(6.32)	-	-	(28.44)
Net deferred tax assets / (liabilities)	<u>(10.90)</u>	<u>30.70</u>	<u>1.92</u>	<u>-</u>	<u>21.72</u>

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

As at March 31, 2019

Deferred tax assets / (liabilities) in relation to

Property, plant and equipment	40.17	-	40.17
Provision for employee benefits	13.06	-	13.06
Unrealised gain / on securities carried at fair value through profit or loss / other comprehensive income	-	13.60	(13.60)
Operating lease liabilities	10.53	-	10.53
Others	-	28.44	(28.44)
Total deferred tax assets / (liabilities)	<u>63.76</u>	<u>42.04</u>	<u>21.72</u>

	Assets	Liabilities	Net
Property, plant and equipment	40.17	-	40.17
Provision for employee benefits	13.06	-	13.06
Unrealised gain / on securities carried at fair value through profit or loss / other comprehensive income	-	13.60	(13.60)
Operating lease liabilities	10.53	-	10.53
Others	-	28.44	(28.44)
Total deferred tax assets / (liabilities)	<u>63.76</u>	<u>42.04</u>	<u>21.72</u>

15. 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.

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year (₹ in lakhs)	1,796.62	2,061.97
Weighted average number of equity shares	1,000,000	1,000,000
Earnings per share basic and diluted (₹)	179.66	206.20
Face value per equity share (₹)	<u>10</u>	<u>10</u>

Notes forming part of the Financial Statements

16. AUDITORS REMUNERATION

(₹ in lakhs)

Services as statutory auditors

Year ended March 31, 2020	Year ended March 31, 2019
4.10	4.10
4.10	4.10

17. SEGMENT INFORMATION

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 one 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, 2020 there are three customers that contribute more than 10% each of total revenue.

(₹ in lakhs)

Customer A
Customer B
Customer C

Year ended March 31, 2020	Year ended March 31, 2019
381.80	779.38
913.26	920.99
808.72	372.15

18. COMMITMENTS AND CONTINGENCIES

Indirect tax matters

The Company has ongoing disputes with tax authorities mainly relating to treatment of characterisation and classification of certain items. As at March 31, 2020, the Company has demands amounting to ₹ 5265.76 lakhs (March 31, 2019: ₹ 4,268.44 lakhs) from various indirect tax authorities which are being contested by the Company.

Bank guarantees

The Company has provided guarantees to third parties aggregating ₹ 43.62 lakhs (March 31, 2019: ₹ 40 lakhs). The Company does not expect any outflow of resources in respect of the above.

19. RELATED PARTY TRANSACTIONS

MPOnline Limited's principal related parties consist of its Holding Company Tata Consultancy Services Limited, Madhya Pradesh State Electronics Development Corporation Limited and key managerial personnel. The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

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)

Rajeev Sisaudia - Chief Executive Officer*

Sankar Ramamurthy - Company Secretary**

Notes forming part of the Financial Statements

Transactions with related parties are as follows:

(₹ in lakhs)

	Year ended March 31, 2020			
	Holding Company	Significant shareholder	Key Management Personnel*	Total
Purchases of goods and services	448.79	28.61	-	477.40
Managerial remuneration	-	-	57.12	57.12
Reimbursement of expenses	-	20.21	-	20.21
Dividend paid	961.20	118.80	-	1,080.00

(₹ in lakhs)

	Year ended March 31, 2019			
	Holding Company	Significant shareholder	Key Management Personnel*	Total
Revenue from operations	40.25	2.06	-	42.31
Purchases of goods and services	799.26	16.69	-	815.95
Managerial remuneration	-	-	55.20	55.20
Reimbursement of expenses	12.01	0.23	-	12.24
Dividend paid	961.20	118.80	-	1,080.00
Security deposit placed	-	8.15	-	8.15

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

* The Company Secretary of the Company is on deputation and draws remuneration from Tata Consultancy Services Limited. Service charges are not payable by the Company to Tata Consultancy Services Limited.

Balances receivable from related parties are as follows:

(₹ in lakhs)

As at March 31, 2020			
	Holding Company	Significant shareholder	Total
Trade receivables and unbilled receivables	-	191.76	191.76
Security deposit	-	8.15	8.15
Total	-	199.91	199.91

(₹ in lakhs)

	As at March 31, 2019		
	Holding Company	Significant shareholder	Total
Trade receivables and unbilled receivables	20.36	191.76	212.12
Security deposit	-	8.15	8.15
Total	<u>20.36</u>	<u>199.91</u>	<u>220.27</u>

Notes forming part of the Financial Statements

Balances payable to related parties are as follows:

(₹ in lakhs)

Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities

Total

As at March 31, 2020		
Holding Company	Significant shareholder	Total
33.45	-	33.45
33.45	-	33.45

(₹ in lakhs)

Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities

Total

As at March 31, 2019		
Holding Company	Significant shareholder	Total
20.63	-	20.63
20.63	-	20.63

20. SUBSEQUENT EVENT:

Dividend paid during the year ended March 31, 2020 pertains to final dividend for the year ended March 31, 2019

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, 2020, income (net of dividend tax) available for distribution were ₹ 9254.28 lakhs. On May 14, 2020 the Board of Directors of the Company have proposed a final dividend of ₹ 108.00 per equity share in respect of the year ended March 31, 2020 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 1080.00 lakhs.

As per our report of even date attached

For and on behalf of the Board of MPOnline Limited

FOR BSR & Co. LLP

Chartered Accountants

Firm Registration no. 101248W/W-100022

Balajirao Pothana

Partner

Membership no. 122632

Mumbai, May 14, 2020

Lakshminarayanan G S

Director

Tej Bhatla

Director

C-EDGE TECHNOLOGIES LIMITED

(CIN: U72900MH2006PLC159038)

FINANCIAL STATEMENTS

**For the year ended
March 31, 2020**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF C-EDGE TECHNOLOGIES LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of C-Edge Technologies Limited ("the Company") which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditors' report thereon.

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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and (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) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India 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, to the extent applicable.
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 (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2020 and taken on record by the Board of Directors, none of the directors of the Company is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to 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".
3. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
4. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Balajirao Pothana

Partner

Membership No: 122632

Mumbai, April 27, 2020

Annexure A to the Independent Auditor's Report

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2020, 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 in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation provided to us and the record produced to us for our verification, the discrepancies noticed between physical verification and the books of accounts have been appropriately given effect to in these financial statements as at 31 March 2020.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, Company does not hold any immovable properties. Accordingly, Paragraph 3(i)(c) of the order is not applicable to the Company. In respect of immovable properties taken on lease and disclosed as right-of-use-assets in the financial statements, the lease agreements are in the name of the Company.
2. The Company is 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 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 provisions of clause 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 guarantee or securities to the parties covered under section 185 and 186 of the Act.
5. 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. 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 of the Act for any of the services 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, Goods and Services tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax and other material statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues of Income-tax or Service tax or Goods and Services tax which have not been deposited by the Company on account of disputes,
8. In our opinion and according to the information and explanation given to us the Company does not have any loans or borrowings from the bank, financial institution 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. 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 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 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 explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Balajirao Pothana

Partner

Membership No: 122632

Mumbai, April 27, 2020

Annexure B to the Independent Auditor's Report

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of C-Edge Technologies Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

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

timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Balajirao Pothana

Partner

Membership No: 122632

UDIN: 20122632AAAAAH8528

Mumbai, April 27, 2020

Balance Sheet

(₹ in lakhs)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non - current assets			
Property, plant and equipment	7(a)	3,411.98	3,491.07
Capital work-in-progress		-	239.40
Right-of-use assets	6	173.70	-
Financial assets			
Other financial assets	5(d)	185.88	174.63
Income tax asset (net)		776.41	409.13
Other assets	7(b)	453.86	332.79
Total non-current assets		5,001.83	4,647.02
Current assets			
Financial assets			
Trade receivables	5(a)	7,516.93	7,176.99
Unbilled receivables		2,042.29	577.75
Cash and cash equivalents	5(b)	8,687.40	8,553.34
Loans receivable	5(c)	6,862.97	4,500.97
Other financial assets	5(d)	1,171.67	563.57
Other assets	7(b)	1,799.77	1,924.14
Total current assets		28,081.03	23,296.76
TOTAL ASSETS		33,082.86	27,943.78
EQUITY AND LIABILITIES			
Equity			
Share capital	5(i)	1,000.00	1,000.00
Other equity	5(i)	23,552.13	18,915.45
Total Equity		24,552.13	19,915.45
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities		121.00	-
Employee benefit obligation	10 (ii) (a)	239.33	202.94
Deferred tax liability (net)		72.21	79.92
Other liabilities	7(c)	-	13.52
Total non-current liabilities		432.54	296.38
Current liabilities			
Financial liabilities			
Lease liabilities		72.61	-
Trade and other payables			
Dues of micro and small enterprises	5(e)	320.28	408.75
Dues of creditors other than micro enterprises and small enterprises		4,466.76	3,999.51
Other financial liabilities	5(f)	114.94	287.12
Unearned and deferred revenues		1,262.45	1,065.01
Employee benefit obligation	10 (iii) (b)	86.49	84.70
Income tax liabilities (net)		817.51	741.50
Other liabilities	7(c)	957.15	1,145.36
Total current liabilities		8,098.19	7,731.95
TOTAL EQUITY AND LIABILITIES		33,082.86	27,943.78
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-20		

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

JAMBUNATHAN NARAYANAN
Chief Executive Officer

RAMAKRISHNAN VENKATARAMAN
Director

UJJWAL MATHUR
Director

RIDDHI DESAI
Company Secretary

DHANANJAYA TAMBE
Director

SHREE PRAKASH SINGH
Director

ROHINTON PEER
Chief Financial Officer

Mumbai, April 27, 2020

Statement of Profit and Loss

(₹ in lakhs)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	8	29,411.29	27,366.41
Other income	9	897.63	655.30
Sale of business	9a	750.00	-
TOTAL INCOME		31,058.92	28,021.71
EXPENSES			
Employee benefits expenses	10(i)	5,551.97	5,004.59
Depreciation and amortisation expense		1,460.55	892.54
Other expenses	11	13,165.42	12,235.54
Finance costs	13	78.27	5.88
TOTAL EXPENSES		20,256.21	18,138.55
PROFIT BEFORE TAX		10,802.71	9,883.16
TAX EXPENSE			
Current tax	14	2,657.80	3,326.10
Deferred tax	14	(0.92)	187.71
TOTAL TAX EXPENSES		2,656.88	3,513.81
PROFIT FOR THE YEAR		8,145.83	6,369.35
OTHER COMPREHENSIVE INCOME / (LOSSES)			
Items that will not be reclassified subsequently to the statement of profit and loss			
Remeasurement of defined employee benefit plans		(1.47)	(23.58)
Income tax on item that will not be reclassified subsequently to the statement of profit and loss		0.37	8.24
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		(1.10)	(15.34)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		8,144.73	6,354.01
Earnings per equity share- Basic and diluted (₹)	18	81.46	63.69
Weighted average number of equity shares		10,000,000	10,000,000
Face value per equity share (₹)		10	10
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-20		

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

RAMAKRISHNAN VENKATARAMAN

Director

DHANANJAYA TAMBE

Director

UJJWAL MATHUR

Director

SHREE PRAKASH SINGH

Director

JAMBUNATHAN NARAYANAN

Chief Executive Officer

RIDDHI DESAI

Company Secretary

ROHINTON PEER

Chief Financial Officer

Mumbai, April 27, 2020

Statement of Changes In Equity

A EQUITY SHARE CAPITAL

(₹ in lakhs)

Balance as on April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
1,000.00	-	1,000.00

(₹ in lakhs)

Balance as on April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
1,000.00	-	1,000.00

*Refer note 5(i)

B OTHER EQUITY

(₹ in lakhs)

Balance as at April 1, 2018

Profit for the year

Other comprehensive income

Total comprehensive income

Dividend

Tax on dividend

Balance as at March 31, 2019

Balance as at April 1, 2019

Transition impact of Ind AS 116 (net of tax)

Restated balance as at April 1, 2019

Profit for the year

Other comprehensive income

Total comprehensive income

Dividend

Tax on dividend

Balance as at March 31, 2020

Retained earnings
15,575.32
6,369.35
(15.34)
21,929.33
(2,500.00)
(513.88)
18,915.45
18,915.45
(11.95)
18,903.50
8,145.83
(1.10)
27,048.23
(2,900.00)
(596.10)
23,552.13

C NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1-20

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

RAMAKRISHNAN VENKATARAMAN

Director

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Director

JAMBUNATHAN NARAYANAN

Chief Executive Officer

RIDDHI DESAI

Company Secretary

ROHINTON PEER

Chief Financial Officer

Mumbai, April 27, 2020

Statement of Cash Flows

(₹ in lakhs)

I CASH FLOWS FROM OPERATING ACTIVITIES

Profit for the year

Adjustments to reconcile profit and loss to net cash provided by operating activities

Sale of ATM business	(750.00)	-
Depreciation and amortisation expense	1,460.55	892.54
Net gain on lease modification	(11.72)	-
Liability no longer required	(44.06)	-
Bad debts written off, allowance for doubtful trade receivables and advances (net)	407.46	397.35
Tax expense	2,656.88	3,513.81
Interest income	(824.12)	(643.73)
Finance costs	78.27	5.88

Operating profit before working capital changes Net change in

Trade receivables	(747.39)	(2,590.83)
Unbilled receivables	(1,464.54)	207.10
Other financial assets and other assets	(72.15)	201.25
Trade payables, current liabilities and provisions	175.45	351.77
Unearned and deferred revenues	197.45	1,039.73

Cash generated from operations

Taxes paid (net of refunds)

Net cash provided by operating activities

II CASH FLOWS FROM INVESTING ACTIVITIES

Inter-corporate deposits placed	(6,861.99)	(2,000.00)
Inter-corporate deposits matured	4,500.00	-
Payment for purchase of property, plant and equipment	(911.45)	(3,874.25)
Interest received	969.45	1,153.07

Net cash used in Investing activities

III CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid (including tax on dividend)	(3,496.10)	(3,013.88)
Repayment of lease liabilities	(170.15)	(2.27)
Repayment of finance lease liability	(76.29)	-
Interest paid	(78.27)	(5.88)

Net cash used in financing activities

Net change in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year (Refer note 5(b))

IV NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1-20

Year ended March 31, 2020	Year ended March 31, 2019
8,145.83	6,369.35
(750.00)	-
1,460.55	892.54
(11.72)	-
(44.06)	-
407.46	397.35
2,656.88	3,513.81
(824.12)	(643.73)
78.27	5.88
11,119.09	10,535.20
(747.39)	(2,590.83)
(1,464.54)	207.10
(72.15)	201.25
175.45	351.77
197.45	1,039.73
9,207.91	9,744.22
(2,949.05)	(3,601.63)
6,258.86	6,142.59
(6,861.99)	(2,000.00)
4,500.00	-
(911.45)	(3,874.25)
969.45	1,153.07
(2,303.99)	(4,721.18)
(3,496.10)	(3,013.88)
(170.15)	(2.27)
(76.29)	-
(78.27)	(5.88)
(3,820.81)	(3,022.03)
134.06	(1,600.62)
8,553.34	10,153.96
8,687.40	8,553.34

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'

As per our report of even date attached

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

For **BSR & Co. LLP**

Chartered Accountants

Firm's registration number : 101248W/W-100022

BALAJIRAO POTHANA

Partner

Membership number : 122632

RAMAKRISHNAN VENKATARAMAN

Director

DHANANJAYA TAMBE

Director

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Director

SHREE PRAKASH SINGH

Director

JAMBUNATHAN NARAYANAN

Chief Executive Officer

RIDDHI DESAI

Company Secretary

ROHINTON PEER

Chief Financial Officer

Mumbai, April 27, 2020

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' or 'Holding Company') which owns 51% of the equity shares. The balance 49% of the equity shares are owned by State Bank of India ('SBI' or 'Significant Shareholder'). 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 the 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, 2020 were approved by the Board of Directors and authorised for issue on April 27, 2020.

2) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with 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 ammended from time to time .

3) BASIS OF PREPARATION

These financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair values at the end of each reporting period and employee retirement obligations as explained in the accounting policies below. Historical cost is generally based on fair value of consideration given in 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 measerement date. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle . Based on the nature of services rendered to customer and time elapsed between deployment of resources and realisation in cash and cash equivalents of the consideration for such a services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method. The Company classifies interest paid and interest received as cash flow from operating activities.

The financial statements have been prepared in Indian Rupee (₹) which is the functional currency of the Company. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated 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 that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

4) 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 of 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.

The Company uses the following critical accounting estimates in preparation of its financial statements:

a) 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.

b) Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances while determining the provision for income tax. A deferred tax asset is recognised

Notes forming part of the Financial Statements

to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

c) Provisions and contingent liabilities

The Company estimates the provisions that have 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.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

d) Employee benefits

The accounting of employee benefit obligations in nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

e) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirement of Ind AS 116. Identification of a lease require significant judgements. The Company uses significant judgement in assessing the term (including anticipated renewals) and the applicable discount rate

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and the periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5) FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY 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.

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.

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

Notes forming part of the Financial Statements

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 and selling financial assets.

Financial assets at fair value through profit and 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 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 issued by the Company are recognised at the proceeds received net of direct issue cost.

Impairment of 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. Financial instrument (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 of trade receivable 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 the amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

5) (A) TRADE RECEIVABLES

Trade receivables (unsecured) consist of the following:

Current

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Considered good	7,516.93	7,176.99
Credit impaired	242.12	146.76
Less: Allowance for doubtful trade receivables	(242.12)	(146.76)
	7,516.93	7,176.99

Above balances of trade receivables include balances with related parties (Refer note 17)

Notes forming part of the Financial Statements

(b) Cash and cash equivalents

Cash and cash equivalents consist of the following:

(₹ in lakhs)

Balances with banks
In current accounts
In deposit accounts with original maturity less than 3 months

As at March 31, 2020	As at March 31, 2019
54.36	392.70
8,633.04	8,160.64
8,687.40	8,553.34

(c) Loans receivable

Loans receivable (unsecured) consist of the following :

(₹ in lakhs)

(i) Loans receivable - current

Considered good

(a) Advances to employees
(b) Inter- corporate deposits

As at March 31, 2020	As at March 31, 2019
0.98	0.97
6,861.99	4,500.00
6,862.97	4,500.97

Inter-corporate deposits placed with financial institutions yield fixed interest rate.

(d) Other financial assets

Other financial assets consist of the following :

(₹ in lakhs)

(i) Other financial assets - Non - current

Security deposits

As at March 31, 2020	As at March 31, 2019
185.88	174.63
185.88	174.63
69.05	65.55
352.62	498.02
750.00	-
1,171.67	563.57

(ii) Other financial assets - current

(a) Security deposits
(b) Interest receivable
(c) Receivables from sale of ATM business (Refer note 19)

(e) Micro and small enterprises:

(₹ in lakhs)

Amount due to vendors
Principal amount paid (includes unpaid)
beyond the appointed date
Interest due and payable for the year
Interest accrued and remaining unpaid
(includes interest disallowable of ₹ NIL lakhs (March 31, 2019: ₹ NIL lakhs))

As at March 31, 2020		As at March 31, 2019	
Principal	Interest	Principal	Interest
320.28	-	408.75	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

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.

Notes forming part of the Financial Statements

(f) Other financial liabilities

Other financial liabilities consists of the following :

Other financial liabilities - current

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
(a) Current maturities of finance lease obligations	-	120.35
(b) Accrued payroll	114.94	103.37
(c) Others	-	63.40
	114.94	287.12

Obligations under finance lease are secured against fixed assets obtained under finance lease arrangements. Each finance lease obligation is repayable by way of 60 equated monthly installments beginning from the month subsequent to taking the lease.

(g) Financial instruments by category

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 5 to the financial statements.

The carrying value of financial instruments by categories as of March 31, 2020 is as follows :

(₹ in lakhs)

	Fair value through Profit and Loss	Amortised cost	Total carrying value
Financial assets			
Cash and cash equivalents	-	8,687.40	8,687.40
Trade receivables	-	7,516.93	7,516.93
Unbilled receivables	-	2,042.29	2,042.29
Loans receivables *	-	6,862.97	6,862.97
Other financial assets	-	1,357.55	1,357.55
Total	-	26,467.14	26,467.14
Financial liabilities			
Trade and other payables	-	4,787.04	4,787.04
Lease liabilities		193.61	193.61
Other financial liabilities	-	114.94	114.94
Total	-	5,095.59	5,095.59

* Loans include inter-corporate deposits of ₹ 6,861.99 lakhs, with original maturity period within 12 months.

Notes forming part of the Financial Statements

The carrying value of financial instruments by categories as of March 31, 2019 is as follows :

(₹ in lakhs)

	Fair value through Profit and Loss	Amortised cost	Total carrying value
Financial assets			
Cash and cash equivalents	-	8,553.34	8,553.34
Trade receivables	-	7,176.99	7,176.99
Unbilled receivables	-	577.75	577.75
Loans receivables *	-	4,500.97	4,500.97
Other financial assets	-	738.20	738.20
Total	-	21,547.25	21,547.25
Financial liabilities			
Trade and other payables	-	4,408.26	4,408.26
Other financial liabilities	-	287.12	287.12
Total	-	4,695.38	4,695.38

* Loans include inter-corporate deposits of ₹ 4,500.00 lakhs, with original maturity period within 12 months.

Measurement of fair value

The management assessed the fair values of cash and cash equivalents, trade receivables, unbilled receivables, loan receivables, other financial assets, trade payable and other financial liabilities at their carrying amounts due to short term maturities of these instruments.

(h) Financial risk management

The Company is exposed primarily to credit, liquidity and interest rate 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 focus of the Board 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) 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 receivable and other financial assets. Inter - corporate deposits ₹ 6,861.99 lakhs as on March 31, 2020 (March 31, 2019 : ₹ 4,500.00 lakhs) are with a financial institution having a high credit - rating assigned by credit rating agencies.

The Company's exposure to customers is diversified and there are no customers other than the Holding Company and the Significant Shareholder who contribute to more than 10% of outstanding trade receivable and unbilled revenue as at March 31, 2020 and March 31, 2019. 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.

c) 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 including lease liabilities as and when they fall due.

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

(₹ in lakhs)

	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
March 31, 2020					
Trade and other payables	4,787.04	-	-	-	4,787.04
Lease liabilities	86.07	90.37	38.42	-	214.86
Other financial liabilities	114.94	-	-	-	114.94
	4,988.05	90.37	38.42	-	5,116.84
March 31, 2019					
Trade and other payables	4,408.26	-	-	-	4,408.26
Other financial liabilities	287.12	-	-	-	287.12
	4,695.38	-	-	-	4,695.38

d) Impact of COVID-19

Financial instruments at amortised cost as at March 31, 2020 is ₹ 26,467.14 lakhs.

Financial assets of ₹ 16,157.92 lakhs carried at amortised cost is in the form of cash and cash equivalents, bank deposits and corporate deposits where the Company has assessed the counterparty credit risk. Trade receivables of ₹ 10,309.22 lakhs forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. The receivables mostly being government customers and parent companies, Company only foresee a possible delay in payment as funds could be diverted to COVID management and this to be a short term impact as per Company's assessment.

e) Foreign currency exchange

The Company's exposure to foreign currency risk is not material.

(i) Equity instrument

The authorised, issued, subscribed and fully paid-up share capital comprises of :

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
(a) Authorised :		
4,00,00,000 equity shares of ₹ 10 each (March 31, 2019 : 4,00,00,000 equity shares of ₹ 10 each)	4,000.00	4,000.00
	4,000.00	4,000.00
(b) Issued, subscribed and paid up:		
1,00,00,000 equity shares of ₹ 10 each (March 31, 2019 : 1,00,00,000 equity shares of ₹ 10 each)	1,000.00	1,000.00
	1,000.00	1,000.00

Notes forming part of the Financial Statements

i) Reconciliation of number of shares

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount (₹ lakhs)	No. of shares	Amount (₹ lakhs)
Equity shares				
Opening balance	1,00,00,000	1,000.00	1,00,00,000	1,000.00
Issued during the year	-	-	-	-
Closing balance	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, 2020		As at March 31, 2019	
	No. of shares	Holding	No. of shares	Holding
Tata Consultancy Services Limited (holding company)	51,00,000	51%	5,100,000	51%
State Bank Of India (significant shareholder)	49,00,000	49%	4,900,000	49%
	10,000,000	100%	10,000,000	100%

Other Equity

Other equity consist of the following :

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2021
(i) Retained earnings		
Opening balance	18,915.45	15,575.32
Transition impact of Ind AS 116 (net of tax)	(11.95)	
(ii) Profit for the year	8,145.83	6,369.35
(iii) OCI Impact and remeasurement of defined employee benefit plans	(1.10)	(15.34)
(iv) Appropriation :		
(v) Less :		
(a) Dividend on equity shares	(2,900.00)	(2,500.00)
(b) Tax on dividend	(596.10)	(513.88)
	23,552.13	18,915.45

Notes forming part of the Financial Statements

6) LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretation. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessee and lessors. It introduces a single, on balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 16, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of IndAS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a

Notes forming part of the Financial Statements

lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying IndAS 116 to leases previously classified as operating leases under IndAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying IndAS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 1268.54 lakhs and lease liability of ₹ 1239.73 lakhs has been recognised. The cumulative effect on transition in retained earnings net of taxes is ₹ 11.95 lakhs (including the deferred tax of ₹ 6.42 lakhs). The weighted average incremental borrowing rate of 8.43% has been applied to lease liabilities recognised in the financial statement as at the date of initial application. During the year in the interest of its business, the Company exercised its termination option on its lease with iThink Lodha premises and vacate the premise by October 2020. The Company has remeasured its lease in accordance with paragraph 40-43 resulting in reduction in ROU asset by ₹ 864.24 lakhs and lease liability by ₹ 875.96 lakhs. The differential gain of ₹ 11.72 lakhs on remeasurement has been taken to profit and loss.

The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per IndAS 17 - Leases, were earlier reported under cash flow from operating activities.

On application of IndAS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The lease the Company has entered with lessors towards property for use as delivery centers is long term in nature and no changes in terms of this leases is expected due to the COVID-19.

The details of the right-of-use asset held by the Company is as follows:

(₹ in lakhs)

	Additions for the year ended March 31, 2020	Net carrying amount as at March 31, 2020
Buildings	-	173.70
	-	173.70

Depreciation on right - of - use assets is as follows :

(₹ in lakhs)

	Year ended March 31, 2020
Buildings	71.87
	71.87

Notes forming part of the Financial Statements

Interest on lease liabilities is ₹ 78.27 lakhs for the year ended March 31, 2020.

The Company incurred ₹ 128.95 lakhs for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 377.37 lakhs for the year ended March 31, 2020, including cash outflow for short term and low value leases.

Lease contracts entered by the Company majorly pertains for premises taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitments towards variable rent as per contract.

7) (A) 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
Leasehold improvements	Lease term
Office equipment	5 - 10 years
Furniture and fixtures	5 years
Computers	4 years

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Property, plant and equipment 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

Property, plant and equipment

Property, plant and equipment consist of the following:

Description	Gross block as at April 1, 2019	Additions	Disposals	Gross block as at March 31, 2020	Accumulated depreciation as at April 1, 2019	Depreciation for the year	Depreciation on disposals	Accumulated depreciation as at March 31, 2020	Net carrying amount as at March 31, 2020	Net carrying amount as at March 31, 2019
Computer equipment	8,045.48	1,142.34	315.26	8,872.56	(4,821.68)	(1,166.22)	(315.26)	(5,672.64)	3,199.92	3,223.80
ATM related equipment*	2,846.72	-	2,846.72	-	(2,846.72)	-	(2,846.72)	-	-	-
Office equipment	180.44	2.89	-	183.33	(51.71)	(21.32)	-	(73.03)	110.30	128.73
Furniture and fixtures	105.02	5.62	-	110.64	(62.22)	(14.40)	-	(76.62)	34.02	42.80
Leasehold Improvements	118.83	-	-	118.83	(23.09)	(28.00)	-	(51.09)	67.74	95.74
Total	11,296.49	1,150.85	3,161.98	9,285.36	(7,805.42)	(1,229.94)	(3,161.98)	(5,873.38)	3,411.98	3,491.07

Description	Gross block as at April 1, 2018	Additions	Disposals	Gross block as at March 31, 2019	Accumulated depreciation as at April 1, 2018	Depreciation for the year	Depreciation on disposals	Accumulated depreciation as at March 31, 2019	Net carrying amount as at March 31, 2019	Net carrying amount as at March 31, 2018
Computer equipment	5,004.65	3,332.74	291.91	8,045.48	(4,273.35)	(840.24)	(291.91)	(4,821.68)	3,223.80	731.30
ATM related equipment*	2,846.72	-	-	2,846.72	(2,846.72)	-	-	(2,846.72)	0.00	0.00
Office equipment	40.79	139.65	-	180.44	(32.28)	(19.43)	-	(51.71)	128.73	8.51
Furniture and fixtures	61.39	43.63	-	105.02	(52.44)	(9.78)	-	(62.22)	42.80	8.95
Leasehold Improvements	-	118.83	-	118.83	-	(23.09)	-	(23.09)	95.74	-
Total	7,953.55	3,634.85	291.91	11,296.49	(7,204.79)	(892.54)	(291.91)	(7,805.42)	3,491.07	748.76

* ATM related equipment capitalised as assets are under finance lease. (Refer note 19)

Notes forming part of the Financial Statements

(b) Other assets

Other assets consist of the following :

(i) Other assets - non-current

(₹ in lakhs)

Unsecured, considered good

(a) Contract fulfillment cost*

(b) Prepaid expenses

As at March 31, 2020	As at March 31, 2019
431.67	310.43
22.19	22.36
453.86	332.79

(ii) Other assets - current

(₹ in lakhs)

Unsecured, considered good

(a) Contract fulfillment cost

(b) Prepaid expenses

(c) Indirect taxes recoverable

(d) Advance to suppliers

As at March 31, 2020	As at March 31, 2019
245.81	140.24
342.43	327.35
1,029.47	1,172.90
182.06	283.65
1,799.77	1,924.14

* Contract fulfillment costs of ₹ 232.84 lakhs and ₹ 129.32 lakhs for the years ended March 31, 2020 and 2019, respectively, have been amortized in the profit and loss.

(c) Other liabilities

Other liabilities consists of the following :

(i) Other liabilities - Non - current

(₹ in lakhs)

(a) Operating lease liabilities

As at March 31, 2020	As at March 31, 2019
-	13.52
-	13.52

(ii) Other liabilities - current

(₹ in lakhs)

Advance received from customers

Indirect taxes payable and other statutory liabilities

As at March 31, 2020	As at March 31, 2019
94.84	56.73
862.31	1,088.63
957.15	1,145.36

8) REVENUE RECOGNITION

The Company earns revenue primarily from providing IT services and business solutions.

The Company's contracts with customers could include commitment to transfer multiple products and services to a customer. The Company assesses the products / services committed in a contract and identifies distinct performance

Notes forming part of the Financial Statements

obligations in the contract including whether a performance obligation is satisfied at a point in time or over a period of time. Judgement is required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period.

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

- Revenue from time and material and job contracts is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue from ASP (Applications Service Provider) platforms are recognized as the services are performed and amount earned. Revenue is recognised on a time elapsed mode and revenue is straight lined over the period of performance. 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 the supply of third party equipment or software is recognized at the point in time when control is transferred to the customer net of applicable taxes and duties.

Contract fulfilment costs

Contract fulfilment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalisation. Such costs are amortized over the contractual period or useful life of the license whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Revenue is measured based on the transaction price, which is the consideration as specified in the contract with the customer. Revenue excludes taxes collected from customers.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Other income comprises of interest income for financial instruments namely bank and corporate deposits measured at amortised cost which is recorded on accrual basis.

Impact of COVID-19

Company's major line of revenue is providing banking services on Application Service Provider module identified as essential services by the Government and Time and Material Projects for its Parent Company Tata Consultancy Services (TCS) and State Bank of India (SBI). Considering the projects executed by the Company are for the Government and its Parent Company having strong presence in Information Technology Industry globally and Banking Industry, the Company does not foresee any significant disruptions in its business, however, if the prolonged lock-down situation continues there could:

- result in Company's ability to deploy resources due to restrictions in mobility
- Customers postponing their discretionary spend due to change in priorities

Company is considering such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

Revenue from operations

The Company generates revenue from consultancy services and sale of equipment to the Banking, Financial Services and Insurance (BFSI) sector in India.

Notes forming part of the Financial Statements

(₹ in lakhs)

(a) Information technology and consultancy services

(b) Sale of equipment

Year ended March 31, 2020	Year ended March 31, 2019
28,897.52	27,018.39
513.77	348.02
29,411.29	27,366.41

The Company has applied practical expedient of not disclosing the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Movement in contract liabilities is given below:

(₹ in lakhs)

Opening balance

Less : Revenue recognised that was included in contract liability balance at the beginning

Add : Increase due to invoicing during the year, excluding amounts recognised as revenue

Closing balance

Year ended March 31, 2020	Year ended March 31, 2019
1,065.01	25.28
(487.36)	25.28]
684.80	1,065.01
1,262.45	1,065.01

For the current year, the revenue recognised in the statement of profit and loss equals to the contracted price.

9) OTHER INCOME

Other income (net) consist of the following:

(₹ in lakhs)

(a) Interest income

(b) Others

Year ended March 31, 2020	Year ended March 31, 2019
824.12	643.72
73.51	11.58
897.63	655.30
419.49	358.02
404.63	285.70
0.03	0.82
11.72	-
44.06	-
17.70	10.76

Interest income comprises :

Interest on bank deposits

Interest on financial asset carried at amortised cost

Others income comprises :

Net foreign exchange (loss)/gain

Gain on modification of lease

Liability no longer required (Finance lease liability)

Others

Notes forming part of the Financial Statements

9A) SALE OF BUSINESS

(₹ in lakhs)

Year ended March 31, 2020	Year ended March 31, 2019
750.00	-
750.00	0.00

(a) Proceeds from sale of business (Refer note 19)

10) EMPLOYEE BENEFITS

i) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) 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. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in 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.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service 'past service cost' or 'past service gain' or the gain or loss on curtailment is recognised immediately in profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii) Defined contribution plan

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

iv) Other employee benefit obligations

Compensated absences

Company changed its Compensated absences policy with effect from 1st April 2019. 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. Until FY 2019, as per Company's Compensated policy, employee did not have the option for carry forward of unutilized leave balances and hence valued its Compensated absences on undiscounted basis and settled the liability in the subsequent period.

i) Employee benefit expenses consist of the following:

(₹ in lakhs)

Year ended March 31, 2020	Year ended March 31, 2019
5,174.63	4,666.61
247.78	224.68
129.56	113.30
5,551.97	5,004.59

(a) Salaries, Incentives and allowances

(b) Contribution to provident and other funds

(c) Staff welfare expenses

Notes forming part of the Financial Statements

(ii) (a) Employee benefit obligations - non current

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Gratuity Liability	239.33	202.94
	239.33	202.94

(ii) (b) Employee benefit obligations - current

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Gratuity Liability	22.75	22.00
Other employee benefit obligations	63.74	62.70
	86.49	84.70

Employee benefit plans consists of the following :

i) 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 ₹ 183.76 lakhs (March 31, 2019: ₹ 166.48 lakhs) for provident fund during the year ended March, 31 2020.

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. Vesting occurs upon completion of five continuous years 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 :

(₹ in lakhs)		
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Change in benefit obligations		
Benefit obligations, beginning of the year	224.94	174.82
Service cost	35.60	28.94
Interest cost	16.31	13.55
Benefits paid	(16.24)	(15.96)
Actuarial (Gains) / losses recognized in OCI	1.47	23.59
Benefit obligations, end of the year	262.08	224.94
Service cost	35.60	28.94
Net interest on net defined benefit (assets)/liabilities	16.31	13.55
Net periodic gratuity cost	51.91	42.49
The Company has no plan assets.		
The assumptions used in accounting for the defined benefit plan are set out below :		
Discount rate	6.50%	7.25%
Salary escalation rate	6.00%	6.00%

Mortality Rate

Attrition rate

- i) If Services < = 5 years
- ii) If Services > 5 years

Remeasurement of net defined benefit liability / (asset)

Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
37.54%	26.00%
7.35%	10.00%

		(₹ in lakhs)
	Year ended March 31, 2020	Year ended March 31, 2019
Actuarial (gains) and losses arising from changes in demographic assumptions	(12.72)	(2.77)
Actuarial (gains) and losses arising from changes in financial assumptions	15.83	21.04
Actuarial (gains) and losses arising from changes in experience adjustments	(1.64)	5.31
Remeasurement of net defined benefit liability / (asset)	1.47	23.58

The expected benefits are based on the same assumptions as used to measure the Company's defined benefit obligations as at March 31, 2020.

Remeasurement (gain) / loss of the defined benefit obligation of ₹ 1.47 lakhs and ₹ 23.58 lakhs for the years ended March 31, 2020 and March 31, 2019 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.

Notes forming part of the Financial Statements

If the discount rate increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Increase of 0.50%	(10.75)	(7.35)
Decrease of 0.50%	11.59	7.85

If the expected salary growth increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Increase of 0.50%	11.59	7.58
Decrease of 0.50%	(10.85)	(7.75)

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, 2020 as follows :

(₹ in lakhs)

Year ending March 31,	Defined benefit obligation
2021	22.75
2022	19.31
2023	19.36
2024	19.39
2025	21.31
2026 to 2030	102.22

11) 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 and amortisation. 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.

Other expenses consist of the following:

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
(a) Fees to external consultants	1,291.91	1,225.96
(b) Software and material costs	4,129.63	3,398.13
(c) Communication expenses	5,678.75	4,787.71

Notes forming part of the Financial Statements

	Year ended March 31, 2020	Year ended March 31, 2019
(d) Travelling and conveyance expenses	92.22	114.62
(e) Rent (Refer Note 6)	687.65	1,536.59
(f) Repairs and maintenance	231.18	219.13
(g) Electricity expenses	142.04	127.96
(h) Bad debts written off, allowance for trade receivable and advance (net)	407.46	397.35
(i) Security charges	40.02	36.12
(j) Corporate Social Responsibility*	110.73	126.26
(k) Others (includes Auditor's remuneration referred to in note 12)	353.83	265.71
	13,165.42	12,235.54

*As per section 135 of the Companies Act, 2013, amount required to be spent by the company during the year ended March 31, 2020 and 2019 is ₹ 157.33 lakhs and ₹ 126.26 lakhs, respectively, computed at 2% of its average net profit for the immediately preceding three financial years, on Corporate Social Responsibility (CSR). The Company incurred an amount of ₹ 110.73 lakhs and ₹ 126.26 lakhs during the year ended March 31, 2020 and 2019, respectively, towards CSR expenditure for purposes other than construction / acquisition of any asset. The Company has an unspent amount of ₹ 46.60 lakhs for the year ended March 31, 2020 and it will spend in the next financial year on eligible projects.

12) AUDITOR'S REMUNERATION

	Year ended March 31, 2020	Year ended March 31, 2019
For services as statutory auditors	4.10	4.10
For other services	2.00	2.00
For reimbursement of out-of-pocket expenses	0.22	0.44
For indirect taxes	1.00	1.10
	7.32	7.64

(₹ in lakhs)

Indirect taxes input credit has been / will be availed.

13) FINANCE COST

Finance costs consist of the following:

	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense	78.27	5.88
	78.27	5.88

(₹ in lakhs)

14) 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.

Notes forming part of the Financial Statements

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 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 if there is a legally enforceable right to offset current tax liabilities and assets and the Company can settle current tax liabilities and assets on a net basis.

Change in tax rate

During the year the Company has opted for the lower Corporate Tax Rate as per the Taxation Laws (Amendment) Bill, 2019. Domestic tax rate of 22% i.e. effective tax rate of 25.17% (including of surcharge and cess) is applicable from April 1, 2019 onwards without claiming tax incentives. Accordingly, the company has recognized Provision for Income Tax & Deferred Tax Assets on the basis of rate prescribed in the said section. The impact on deferred tax liability as on April 01, 2019 will be reduced by ₹ 22.97 lakhs, calculated as per new rate of 25.17%.

The income tax expense consists of the following:

Income tax recognised in the statement of profit and loss

(₹ in lakhs)

Current Tax:

Current tax expense for current year

Current tax expense pertaining to prior years

Deferred tax expense / (benefit)

Total income tax expense recognised in the current year

Income tax expense recognised in OCI

Deferred tax on remeasurement of defined employee benefit plan.

Year ended March 31, 2020	Year ended March 31, 2019
2,700.50	3,326.10
(42.70)	-
2,657.80	3,326.10
(0.92)	187.71
2,656.88	3,513.81
0.37	8.24

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 is as follows:

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit before taxes	10,802.71	9,883.16
Indian statutory income tax rate	25.170%	34.944%
Expected income tax expense	2,719.04	3,453.57
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
(a) Current tax expense pertaining to prior years	(42.70)	-
(b) Disallowance under section 37		
(i) CSR expenses	13.97	21.14
(ii) Capital advances written off	-	36.69
(c) Lower rate on capital gains tax	(35.17)	-
(d) Other permanent differences	(14.04)	-
(e) Interest on income taxes paid under section 40(a)(iii)	-	7.10
(f) Difference due to tax rate change	(22.97)	-
(g) Finance lease liability reversal	42.05	-
(g) Others (net)	(3.30)	(4.69)
Total income tax expense	2,656.88	3,513.81

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

(₹ in lakhs)

	Opening balance	Recognised / (reversed) through statement of profit and loss	Recognised in/ reclassified from other comprehensive income	Recognised in/ reclassified from retained earnings	Closing balance
Deferred tax assets / (liabilities) in relation to:					
Property, plant and equipment	(282.55)	37.25	-	-	(245.30)
Lease obligations	46.78	(41.77)	-	-	5.01
Provision for Employee benefit	104.57	(4.23)	0.37	-	100.71
Provision for receivables, loans and advances	51.28	9.67	-	-	60.95
Transition impact Ind AS 116	-	-	-	6.42	6.42
Total deferred tax assets / (liabilities)	(79.92)	0.92	0.37	6.42	(72.21)

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

As at March 31, 2020	Assets	Liabilities	Net
Deferred tax assets / (liabilities) in relation to:			
Property, plant and equipment	-	(289.01)	(289.01)
Lease obligations	55.15	-	55.15
Provision for Employee benefit	100.71	-	100.71
Provision for receivables, loans and advances	60.94	-	60.94
Net deferred tax assets / (liabilities)	216.80	(289.01)	(72.21)

Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(₹ in lakhs)

	Opening balance	Recognised / (reversed) through statement of profit and loss	Recognised in/ reclassified from other comprehensive income	Recognised in/ reclassified from retained earnings	Closing balance
Deferred tax assets/ (liabilities) in relation to:					
Property, plant and equipment	(85.37)	(197.18)	-	-	(282.55)
Finance lease obligations	80.99	(34.21)	-	-	46.78
Provision for Employee benefit	86.68	9.65	8.24	-	104.57
Provision for receivables, loans and advances	17.25	34.03	-	-	51.28
Total deferred tax assets / (liabilities)	99.55	(187.71)	8.24	-	(79.92)

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

As at March 31, 2019

Deferred tax assets / (liabilities) in relation to:

Property, plant and equipment
Finance lease obligations
Provision for Employee benefit
Provision for receivables, loans and advances

Net deferred tax assets / (liabilities)

Assets	Liabilities	Net
-	(282.55)	(282.55)
46.78	-	46.78
104.57	-	104.57
51.28	-	51.28
202.63	(282.55)	(79.92)

15) SEGMENT INFORMATION

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.

For the year ended March 31, 2020 there are no customers other than holding company and significant shareholder that contribute more than 10% each of total revenue.

16) COMMITMENTS AND CONTINGENCIES

The company has contractually committed (net of advances) ₹ NIL lakhs as at March 31, 2020 (March 31, 2019 : ₹ NIL lakhs) for purchase of property, plant and equipment.

Contingencies

Indirect tax matters

The Company had a dispute with service tax authorities mainly relating to treatment of characterisation and classification of certain items. As at March 31, 2019, the Company had demands amounting to ₹ 431.59 lakhs from various indirect tax authorities which were being contested by the Company. The Company in Financial Year 2019 - 20 has opted for the Sabka

Notes forming part of the Financial Statements

Vishwas - (Legacy Dispute Resolution) Scheme, 2019 (SVLDRS) introduced by the Government to resolve the disputes. Under the scheme 100% of the penalty amounting to ₹ 215.79 lakhs was exempted from payment and the balance liability of ₹ 215.80 was given an exemption of 50% of the amount. Accordingly, the Company paid an amount of ₹ 107.90 lakhs to the Government as a full and final settlement towards the liability.

17) RELATED PARTY DISCLOSURES

The Company's material related party transactions and outstanding balances are with its Holding Company and Significant Shareholder 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
Significant shareholder	State Bank of India
Key Management Personnel	Jambunathan Narayanan - Chief Executive Officer
	Prakash Mehta - Company Secretary* (till August 31, 2019)
	Riddhi Desai - Company Secretary* (w.e.f. September 20, 2019)
	Rohinton Peer - Chief Financial Officer*

b) Transactions with the related parties

Transactions with related parties are as follows:

For the year ended March 31, 2020 and March 31, 2019

Particulars	Holding Company	Significant shareholder	Key Management Personnel*	Total
i) Revenues from operation	8,715.53	310.37	-	9,025.90
	8,541.20	566.77	-	9,107.97
ii) Managerial remuneration	-	-	115.39	115.39
	-	-	120.23	120.23
iii) Other operating expenses	1,572.68	-	-	1,572.68
	1,602.71	-	-	1,602.71
iv) Interest income	-	375.29	-	375.29
	-	358.02	-	358.02
v) Dividend paid	1,479.00	1,421.00	-	2,900.00
	1,275.00	1,225.00	-	2,500.00
vi) Bad debts	-	-	-	-
	-	2.76	-	2.76

Notes forming part of the Financial Statements

c) Balances with related parties

As at March 31, 2020 and March 31, 2019

(₹ in lakhs)

Particulars	Holding Company	Significant shareholder	Key Management Personnel*	Total
1 Trade payables	1,166.25 829.00	- -	20.88 14.40	1,187.13 843.40
2 Trade receivables	4,959.13 4,421.83	167.50 202.89	- -	5,126.63 4,624.72
3 Balances with bank	- -	8,687.39 8,553.34	- -	8,687.39 8,553.34
4 Unbilled receivables	285.52 493.02	267.82 25.00	- -	553.34 518.02
5 Unearned and deferred revenues	287.88 359.83	- -	- -	287.88 359.83
6 Prepaid expenses	29.66 32.15	- -	- -	29.66 32.15
7 Interest Receivable	- -	155.78 194.31	- -	155.78 194.31

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

Figures in italics in the above tables pertains to March 31, 2019.

Note: Details of related parties as identified by management

18) EARNING PER SHARE (EPS)

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.

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year (₹ in lakhs)	8,146	6,369
Weighted average number of equity shares	10,000,000	10,000,000
Earning per share basic and diluted (₹)	81	64
Face value per equity share (₹)	10	10

19) 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 ₹ 750.00 lakhs. 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

Notes forming part of the Financial Statements

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.

As at 31 March 2019, the agreement between EPS and the Company was not consummated since the transfer of title of ATM assets were pending with the Chennai High Court.

In the current year, the Chennai High Court passed an order dated November 11th, 2019 for the valuation of ATM assets to be ₹ 76.29 lakhs which was duly paid by the Company. Subsequently, the Company transferred these assets to EPS vide letter dated January 29th, 2020 and March 19th, 2020.

On March 19th, 2020, the Company and EPS have submitted the release letter to Kotak Mahindra Bank instructing them to release the amount of sale proceeds of ₹ 750.00 lakhs along with interest.

Consequently, the Company has recognised ₹ 750.00 lakhs along with interest of ₹ 44.21 lakhs in its financial statement as an exceptional item on Sale of ATM business.

20) SUBSEQUENT EVENT

Dividend paid during the year ended March 31, 2020 pertains to final dividend for the year ended March 31, 2019.

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, 2020, income (net of dividend tax) available for distribution were ₹ 23,552.13 lakhs. On April 27, 2020 the Board of Directors of the Company have proposed a final dividend of ₹ 41.00 per equity share in respect of the year ended March 31, 2020 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 4,100.00 lakhs.

As per our report of even date attached

For **BSR & 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 C-Edge Technologies Limited

RAMAKRISHNAN VENKATARAMAN

Director

DHANANJAYA TAMBE

Director

UJJWAL MATHUR

Director

SHREE PRAKASH SINGH

Director

JAMBUNATHAN NARAYANAN

Chief Executive Officer

RIDDHI DESAI

Company Secretary

ROHINTON PEER

Chief Financial Officer

Mumbai, April 27, 2020

MAHAONLINE LIMITED

(CIN: U72900MH2010PLC206026)

FINANCIAL STATEMENTS

**For the year ended
March 31, 2020**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHAONLINE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MahaOnline Limited ("the Company") which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and of its profit (including other comprehensive loss), statement of changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditor's report thereon.

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

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

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss (including other comprehensive income), statement of changes in equity and cash flows 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. 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 and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
 - (A) As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31 March 2020 and taken on record by the Board of Directors, none of the directors of the Company is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - (B) With respect to the other matters to be included in the 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 as at 31 March 2020 on its financial position in its financial statements - refer to Note 18 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
 - (C) According to the information and explanations given to us, no remuneration has been paid by the Company to any of its directors. Accordingly, provisions of Section 197 of the Act relating to remuneration to directors are not applicable.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Rajesh Mehra

Partner

Membership No: 103145

Mumbai, 15 May 2020

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 financial statements for the year ended 31 March 2020, 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, fixed assets were physically verified during the year 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 property. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.

In respect of immovable properties taken on lease and disclosed as right-of-use-assets in the financial statements, the lease agreements are in the name of the Company.

- (ii) 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.
- (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 provisions of clauses 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 guarantee or securities to the parties covered under Section 185 and 186 of the Act.
- (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. Accordingly, paragraph (v) of the Order is not applicable to the Company.
- (vi) 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, Goods and Services tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax and other material statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable.

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

Name of Statute	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	12.95	AY 2017-18	Commissioner of Income-tax (Appeals)

- (viii) In our opinion and according to the information and explanation given to us, the Company did not have any outstanding loans or borrowings from financial institutions or banks or government and there are no dues to debentureholders 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) 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 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 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.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Rajesh Mehra

Partner

Membership No: 103145

Mumbai, 15 May 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of MahaOnline Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Rajesh Mehra

Partner

Membership No: 103145

Mumbai, 15 May 2020

Balance Sheet

(₹ in lakhs)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	8(a)	101.65	130.99
(b) Right-of-use assets	7	95.73	-
(c) Financial assets			
Other financial assets	6(f)	6.01	127.95
(d) Income-tax assets (net)		421.61	1,369.74
(e) Deferred tax assets (net)	14	174.53	232.20
(f) Other assets	8(c)	5.33	10.53
Total non-current assets		804.86	1,871.41
Current assets			
(a) Financial assets			
(i) Investments	6(a)	3,786.16	2,541.92
(ii) Trade receivables	6(b)	2,580.64	2,089.46
(iii) Unbilled receivables		204.87	82.02
(iv) Cash and cash equivalents	6(c)	3,087.71	1,182.85
(v) Other balances with banks	6(d)	1,145.65	1,053.82
(vi) Loans receivables	6(e)	4,234.00	4,700.00
(vii) Other financial assets	6(f)	252.32	117.31
(b) Other assets	8(c)	51.50	142.20
Total current assets		15,342.85	11,909.58
TOTAL ASSETS		16,147.71	13,780.99
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	6(l)	255.27	255.27
(b) Other equity		7,591.71	6,270.54
Total Equity		7,846.98	6,525.81
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	6(h)	42.70	42.90
(b) Employee benefit obligations	11	21.87	40.32
(c) Other liabilities	8(d)	-	9.00
Total non-current liabilities		64.57	92.22
Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities		117.57	-
(ii) Trade payables			
'Dues of micro enterprises and small enterprises	6(g)	1.36	2.43
'Dues of creditors other than micro enterprises and small enterprises		2,777.38	2,468.82
(iii) Other financial liabilities	6(h)	5,086.83	4,217.14
(b) Unearned and deferred revenue	9	80.69	61.99
(c) Employee benefit obligations	11	14.16	15.83
(d) Income tax liabilities (net)		6.01	69.90
(e) Other liabilities	8(d)	152.16	326.85
Total current liabilities		8,236.16	7,162.96
TOTAL EQUITY AND LIABILITIES		16,147.71	13,780.99
NOTES FORMING PART OF THE FINANCIAL STATEMENTS			
	1-21		

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, May 15, 2020

Lakshminarayanan G S
Director

For and on behalf of the Board

Tej Paul Bhatla
Director

Statement of Profit and Loss

(₹ in lakhs)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
I. Revenue from operations	9	8,957.16	7,910.00
II. Other income	10	881.57	464.69
III. TOTAL INCOME		9,838.73	8,374.69
IV. Expenses			
(a) Employee benefit expenses	11	556.17	536.91
(b) Depreciation and amortisation expense	7,8(a)	247.84	85.00
(c) Other expenses	12(a)	6,074.71	5,640.38
(d) Finance costs	13	27.34	1.07
TOTAL EXPENSES		6,906.06	6,263.36
V. PROFIT BEFORE TAX		2,932.67	2,111.33
VI. Tax expense			
(a) Current tax	14	700.88	655.66
(b) Deferred tax	14	68.49	(42.98)
TOTAL TAX EXPENSE		769.37	612.68
VII. PROFIT FOR THE YEAR		2,163.30	1,498.65
VIII. OTHER COMPREHENSIVE INCOME			
(i) Items that will not be reclassified subsequently to profit or loss			
(a) Remeasurement of defined employee benefit plans		(1.88)	(1.85)
(ii) Income-tax on items that will not be reclassified subsequently to profit or loss		0.47	0.65
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		(1.41)	(1.20)
IX. TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,161.89	1,497.45
X. Earnings per equity share- Basic and diluted (₹)	15	84.75	58.71
Weighted average number of equity shares		2,552,705	2,552,705
XI. NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-21		

As per our report of even date attached

For and on behalf of the Board

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

Lakshminarayanan G S
Director

Tej Paul Bhatla
Director

Rajesh Mehra
Partner
Membership No: 103145
Mumbai, May 15, 2020

Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(₹ in lakhs)

Balance as on April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
255.27	-	255.27

(₹ in lakhs)

Balance as on April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
255.27	-	255.27

*Refer note 6(l)

B. OTHER EQUITY

Other equity consist of the following:

(₹ in lakhs)

Balance as at April 1, 2018

Profit for the year

Other comprehensive income

Total comprehensive income

Dividend (including tax on dividend of ₹ 139.05 lakhs)

Balance as at March 31, 2019

Balance as at April 1, 2019

Transition impact of Ind AS 116 (net of tax) (Refer Note 7)

Restated Balance as at April 1, 2019

Profit for the year

Other comprehensive income

Total comprehensive income

Dividend (including tax on dividend of ₹ 139.05 lakhs)

Balance as at March 31, 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1-21

Retained earnings
5,588.61
1,498.65
(1.20)
1,497.45
(815.52)
6,270.54
6,270.54
(25.20)
6,245.34
2,163.30
(1.41)
2,161.89
(815.52)
7,591.71

As per our report of even date attached

For and on behalf of the Board

For B S R & Co. LLP

Chartered Accountants

Firm's registration no.101248W/W-100022

Rajesh Mehra

Partner

Membership No: 103145

Mumbai, May 15, 2020

Lakshminarayanan G S

Director

Tej Paul Bhatla

Director

Statement of Cash Flow

(₹ in lakhs)

I CASH FLOWS FROM OPERATING ACTIVITIES

Profit for the year

Adjustments to reconcile profit and loss to net cash provided by operating activities

Depreciation and amortisation expense

Net gain on disposal of property, plant and equipment

Net gain on investments

Provision for doubtful debts (net)

Tax expense

Interest income

Unrealised gain on investments

Finance costs

Operating profit before working capital changes

Net change in

Trade receivables

Unbilled receivables

Other financial assets

Other assets

Trade payables

Unearned and deferred revenue

Other financial liabilities

Other liabilities and provisions

Net cash provided by / (used in) operating activities

Taxes paid (net of refund)

Net cash provided by operating activities

II CASH FLOWS FROM INVESTING ACTIVITIES

Bank deposits placed

Inter corporate deposits placed

Purchase of investments

Payment for purchase of property, plant and equipment

Proceeds from disposal of property, plant and equipment

Proceeds from bank deposits

Proceeds from inter-corporate deposits

Proceeds from disposal / redemption of investments

Interest received

Net cash used in investing activities

III CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid (including tax on dividend)

Interest paid

Repayment of lease liabilities

Net cash used in financing activities

Net change in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year (Refer Note 6 (c))

IV NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1-21

Year ended March 31, 2020	Year ended March 31, 2019
2,163.30	1,498.65
247.84	85.00
(0.89)	0.27
(135.69)	(9.83)
35.80	109.81
769.37	612.68
(636.44)	(423.03)
(108.56)	(32.09)
17.85	-
2,352.58	1,841.46
(526.98)	(456.79)
(122.84)	(17.90)
(9.33)	(8.96)
82.35	159.82
307.49	(606.89)
18.70	9.92
869.49	(1,327.02)
(180.81)	(18.98)
2,790.65	(425.34)
183.36	(708.35)
2,974.01	(1,133.69)
(92.71)	(90.20)
(4,234.00)	(4,700.00)
(3,900.00)	(2,500.00)
(54.40)	(25.92)
0.89	-
0.89	2,530.11
4,700.00	-
2,900.00	-
632.70	377.98
(46.63)	(4,408.03)
(815.52)	(815.52)
(17.84)	-
(189.16)	-
(1,022.52)	(815.52)
1,904.86	(6,357.24)
1,182.85	7,540.09
3,087.71	1,182.85

As per our report of even date attached

For and on behalf of the Board

For B S R & Co. LLP

Chartered Accountants

Firm's registration no.101248W/W-100022

Rajesh Mehra

Partner

Membership No: 103145

Mumbai, May 15, 2020

Lakshminarayanan G S

Director

Tej Paul Bhatla

Director

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 the 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 joint venture between Tata Consultancy Services ("TCS") and the Government of Maharashtra ("GoM") to provide IT services to the GoM is for a period of 10 years until the agreement is terminated or the Joint Venture ("JV") Company is liquidated/dissolved. The agreement expiry is in July 2020 and post July 2020 the Joint Venture would continue until agreement for discontinuance is signed amongst the parties. No agreement for discontinuance has been entered as at date.

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on May 15, 2020.

2 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 ("the Act") read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

3 BASIS OF PREPARATION

These financial statements have been prepared in Indian Rupee which is the functional currency of the company.

These financial statements have been prepared on historical cost basis except for certain financial instruments and defined benefit plans which are measured at fair value or amortised cost 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.

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle. Based on the nature of services rendered to customer and time elapsed between deployment of resources and realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

4 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 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 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.

The Company uses the following critical accounting estimates in preparation of its financial statements :

a) Revenue Recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Notes forming part of the Financial Statements

- Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b) 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.

c) Provision for income tax and deferred tax

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

d) Provision 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 disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

e) Employee benefits

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

f) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company

Notes forming part of the Financial Statements

is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5 RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

6 FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY 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.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

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 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.

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 issued by the Company are recognised at the proceeds received net of direct issue cost.

Impairment of 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. In determining the allowances

Notes forming part of the Financial Statements

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 allowance 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.

a) Investment

Investments consist of the following:

Investments -Current

Investment carried at fair value through profit and loss
Mutual funds units (quoted)

(₹ in lakhs)	
As at March 31, 2020	As at March 31, 2019
3,786.16	2,541.92
3,786.16	2,541.92

b) Trade receivables

Trade receivables (unsecured) consist of the following:

Trade receivables – Current

Trade receivables
Less: Allowance for doubtful trade receivables

Considered good

(₹ in lakhs)	
As at March 31, 2020	As at March 31, 2019
3,271.06	2,744.08
(690.42)	(654.62)
2,580.64	2,089.46

Note:-

i) Above balances of trade receivables include balances with related parties (Refer note 20).

c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

Balances with banks

In current accounts
Cash on hand

(₹ in lakhs)	
As at March 31, 2020	As at March 31, 2019
3,087.69	1,182.66
0.02	0.19
3,087.71	1,182.85

d) Other balances with banks

Other balances with banks consist of the following:

Earmarked balances with banks*
Short-term bank deposits

As at March 31, 2020	As at March 31, 2019
350.45	315.92
795.20	737.90
1,145.65	1,053.82

*Earmarked balances includes balances held as margin money against guarantees.

Notes forming part of the Financial Statements

e) Loans receivables

Loans receivable (unsecured) consist of the following:

(₹ in lakhs)

Loans receivables - Current

Considered good

Inter-corporate deposits*

As at March 31, 2020	As at March 31, 2019
4,234.00	4,700.00
4,234.00	4,700.00

*Inter-corporate deposits placed with financial institutions yield fixed interest rate.

f) Other Financial Assets

Other financial assets consist of the following:

(₹ in lakhs)

Other financial assets - Non current

Security deposits

Interest receivable

As at March 31, 2020	As at March 31, 2019
5.35	127.95
0.66	-
6.01	127.95

(₹ in lakhs)

Other financial assets - Current

Security deposits

Interest receivable

As at March 31, 2020	As at March 31, 2019
131.93	-
120.39	117.31
252.32	117.31

g) Micro and small enterprises

(₹ in lakhs)

	As at March 31, 2020		As at March 31, 2019	
	Principal	Interest	Principal	Interest
Amount due to vendors	1.36	-	2.43	-
Principal amount paid (includes unpaid) beyond the appointed date	3.90	-	-	-
Interest due and payable for the year	-	0.12	-	-
Interest accrued and remaining unpaid	-	0.12	-	-

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.

Notes forming part of the Financial Statements

h) Other Financial Liabilities

Other financial liabilities consist of the following:

(₹ in lakhs)

Other financial liabilities - Non-current

Security deposits received

As at March 31, 2020	As at March 31, 2019
42.70	42.90
42.70	42.90

Other financial liabilities - Current

Amounts collected on behalf of customers

Liabilities towards customers

(₹ in lakhs)

As at March 31, 2020	As at March 31, 2019
4,193.40	3,378.17
893.43	838.97
5,086.83	4,217.14

i) Financial instruments by category

The carrying value of financial instruments by categories as of March 31, 2020 is as follows:

(₹ in lakhs)

Financial assets:

Cash and cash equivalents

Bank deposits

Earmarked balances with banks

Investments

Trade receivables

Unbilled receivables

Loans receivables *

Other financial assets

Total

Financial liabilities:

Trade payables

Lease liabilities

Other financial liabilities

Total

	Fair value through profit or loss	Amortised cost	Total carrying value
	-	3,087.71	3,087.71
	-	795.20	795.20
	-	350.45	350.45
	3,786.16	-	3,786.16
	-	2,580.64	2,580.64
	-	204.87	204.87
	-	4,234.00	4,234.00
	-	258.33	258.33
	3,786.16	11,511.20	15,297.36
	-	2,778.74	2,778.74
	-	117.57	117.57
	-	5,129.53	5,129.53
	-	8,025.84	8,025.84

* Loans receivables includes inter corporate deposits of ₹ 4,234 lakhs with original maturity period within 12 months.

Notes forming part of the Financial Statements

The carrying value of financial instruments by categories as of March 31, 2019 is as follows:

(₹ in lakhs)

	Fair value through profit or loss	Amortised cost	Total carrying value
Financial assets:			
Cash and cash equivalents	-	1,182.85	1,182.85
Bank deposits	-	737.90	737.90
Earmarked balances with banks	-	315.92	315.92
Investments	2,541.92	-	2,541.92
Trade receivables	-	2,089.46	2,089.46
Unbilled revenue	-	82.02	82.02
Loans receivables	-	4,700.00	4,700.00
Other financial assets	-	245.26	245.26
Total	2,541.92	9,353.41	11,895.33
Financial liabilities:			
Trade and other payables	-	2,471.25	2,471.25
Other financial liabilities	-	4,260.04	4,260.04
Total	-	6,731.29	6,731.29

* Loans receivables includes inter corporate deposits of ₹ 4,700 lakhs with original maturity period within 12 months.

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables, loans receivables and trade payables as at March 31, 2020 and March 31, 2019 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the periods presented. Fair value measurement of lease liabilities is not required.

j) 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.

(₹ in lakhs)

As of March 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets:				
Mutual fund units	3,786.16	-	-	3,786.16
Total	3,786.16	-	-	3,786.16
As of March 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets:				
Mutual fund units	2,541.92	-	-	2,541.92
Total	2,541.92	-	-	2,541.92

Notes forming part of the Financial Statements

k) Financial risk management:

The Company is exposed primarily to credit, liquidity and interest rate risk 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.

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.

Interest rate risk

The fixed deposits and intercorporate deposits made by the Company bears a fixed rate of interest. Hence the Company is not significantly exposed to interest rate risk.

Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms 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 receivables, investments, cash and cash equivalents, bank deposits, inter corporate deposits and other financial assets. Inter corporate deposits of ₹ 4,234 lakhs and ₹ 4,700 lakhs of March 31, 2020 and 2019, respectively, are with a financial institution having a high credit-rating assigned by credit-rating agencies. Bank deposits of ₹ 1,145.65 lakhs and ₹ 1,053.82 lakhs as at March 31, 2020 and 2019 is held with one Indian bank having high credit ratings. 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 ₹ 15,297.36 lakhs and ₹ 11,895.33 lakhs as of March 31, 2020 and 2019, respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, unbilled receivables, investments and loans receivables and other financial assets.

Of the trade receivables balance as at March 31, 2020, ₹ 1,638.21 lakhs and ₹ 716.28 lakhs (March 31, 2019: ₹ 1,236.10 lakhs and ₹ 716.28 lakhs) are due from Directorate of Information Technology and Rural Development Department respectively, the Company's largest customers. There are no other customers who represent more than 10% of the total trade receivables and unbilled receivables.

• Geographic concentration of credit risk

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

The allowance for lifetime expected credit loss on trade receivables for the year ended March 31, 2020 and 2019 was Rs 35.80 lakhs and Rs 109.81 lakhs respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	654.62	544.82
Change during the year	35.80	109.80
Balance at the end of the year	690.42	654.62

Notes forming part of the Financial Statements

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 including lease liabilities as and when they fall due.

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

(₹ in lakhs)

March 31, 2020	Due in 1st Year	Due in 2nd Year	Due in 3rd Year	Due in 4th Year	Due in 5th Year	Total
Trade payables	2,778.74	-	-	-	-	2,778.74
Lease Liability	120.75	-	-	-	-	120.75
Other financial liabilities	5,129.53					5,129.53
Total	8,029.02	-	-	-	-	8,029.02
March 31, 2019	Due in 1st Year	Due in 2nd Year	Due in 3rd Year	Due in 4th Year	Due in 5th Year	Total
Trade payables	2,471.25	-	-	-	-	2,471.25
Other financial liabilities	4,260.04	-	-	-	-	4,260.04
Total	6,731.29	-	-	-	-	6,731.29

Other risk – Impact of COVID-19

Financial instruments carried at fair value as at March 31, 2020 is ₹3,786.16 lakhs and financial instruments carried at amortised cost as at March 31, 2020 is ₹11,511.20 lakhs.

Financial assets classified as Level 1 are Mutual Fund Investments having fair value of ₹3,786.16 lakhs. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19.

Financial assets of ₹8,725.69 lakhs carried at amortised cost is in the form of cash and cash equivalents, bank deposits, corporate deposits, earmarked balances with banks and other financial assets where the Company has assessed the counterparty credit risk. Trade receivables of ₹2,785.51 lakhs forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. The receivables mostly being government customers, Company only foresee a possible delay in payment as funds could be diverted to COVID management and this to be a short term impact as per Company's assessment.

l) Equity instruments

The authorised, issued, subscribed and fully paid-up share capital comprises of the following :

(₹ in lakhs)

Authorised :	As at March 31,2020	As at March 31,2019
25,000,000 equity shares of ₹ 10 each (March 31, 2019 : 25,000,000 equity shares of ₹ 10 each)	2,500.00	2,500.00
	2,500.00	2,500.00
Issued, Subscribed and Fully paid-up:		
2,552,705 equity shares of ₹ 10 each (March 31, 2019 : 2,552,705 equity shares of ₹ 10 each)	255.27	255.27
	255.27	255.27

Notes forming part of the Financial Statements

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

a) Reconciliation of number of shares

	As at March 31, 2020		As at March 31, 2019	
	No. of Equity shares	₹ in lakhs	No. of Equity shares	₹ in lakhs
Opening balance	2,552,705	255.27	2,552,705	255.27
Issued during the year	-	-	-	-
Closing balance	2,552,705	255.27	2,552,705	255.27

b) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held and carry 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 of their shareholding.

c) Shares held by holding company and subsidiaries of holding company

	Number of shares	
	As at March 31, 2020	As at March 31, 2019
Equity shares		
Holding Company		
1,889,005 equity shares (March 31, 2019: 1,889,005) are held by Tata Consultancy Services Limited	1,889,005	1,889,005
	1,889,005	1,889,005

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

	As at March 31, 2020		As at March 31, 2019	
	No. of Equity shares	Holding	No. of Equity shares	Holding
Equity Shares				
Tata Consultancy Services Limited (Holding company)	1,889,005	74%	1,889,005	74%
Governor, Government of Maharashtra	6,63,700	26%	6,63,700	26%
Closing balance	2,552,705	100%	2,552,705	100%

7 LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Notes forming part of the Financial Statements

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Refer note 2(f) – Significant accounting policies – Leases in the Annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review,

Notes forming part of the Financial Statements

excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 259.83 lakhs and a corresponding lease liability of ₹ 306.72 lakhs has been recognized. The cumulative effect on transition in retained earnings net of taxes is ₹ 25.20 lakhs (including a deferred tax of ₹ 10.35 lakhs). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 8.06% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The details of the right-of-use asset held by the Company is as follows:

	(₹ in lakhs)	
	Addition for the year ended March 31, 2020	Net carrying amount as at March 31, 2020
Building	-	95.73
	-	95.73

Depreciation on right-of-use assets is as follows:

	(₹ in lakhs)	
Depreciation	Year ended March 31, 2020	
Building		164.10
		164.10

Interest on lease liabilities is ₹ 17.84 lakhs for the year ended March 31, 2020.

The Company incurred ₹ 2.21 lakhs for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 209.21 lakhs for the year ended March 31, 2020, including cash outflow for short term and low value leases.

Lease contracts entered by the Company pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

Impact of COVID-19

The Company has entered into lease for one property which is used as delivery center/ sales office. This will expire in October 2020 and no change in term of this lease is expected due to COVID-19.

Notes forming part of the Financial Statements

8 NON-FINANCIAL ASSETS AND NON-FINANCIAL LIABILITIES

a) 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 method so as to expense the cost less residual value over their estimated useful lives based on technical 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 asset	Method	Useful life
Computer equipment	Straight line	4 years
Office equipment	Straight line	5 years
Electrical installation	Straight line	5 years
Furniture and fixtures	Straight line	5 years
Leasehold improvements	Straight line	Lease term

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

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.

Property, plant and equipment consist of the following:

(₹ in lakhs)

	Leasehold improvements	Computer equipment	Furniture and fixtures	Office equipment	Electrical installations	Total
Cost as at April 1, 2019	10.74	562.07	69.57	54.45	64.92	761.75
Additions	-	52.98	-	1.42	-	54.40
Disposals	-	(39.64)	-	-	-	(39.64)
Cost as at March 31, 2020	10.74	575.41	69.57	55.87	64.92	776.51
Accumulated depreciation as at April 1, 2019	(6.80)	(501.48)	(44.99)	(36.42)	(41.07)	(630.76)
Depreciation for the year	(2.15)	(45.17)	(13.43)	(9.97)	(13.02)	(83.74)
On disposals	-	39.64	-	-	-	39.64
Accumulated depreciation as at March 31, 2020	(8.95)	(507.01)	(58.42)	(46.39)	(54.09)	(674.86)
Net carrying amount as at March 31, 2020	1.79	68.40	11.15	9.48	10.83	101.65

Notes forming part of the Financial Statements

(₹ in lakhs)

	Leasehold improvements	Computer equipment	Furniture and fixtures	Office equipment	Electrical installations	Total
Cost as at April 1, 2018	10.74	536.77	69.57	54.93	64.92	736.93
Additions	-	25.30	-	0.65	-	25.95
Disposals	-	-	-	(1.13)	-	(1.13)
Cost as at March 31, 2019	10.74	562.07	69.57	54.45	64.92	761.75
Accumulated depreciation as at April 1, 2018	(4.65)	(455.01)	(31.59)	(27.23)	(28.09)	(546.57)
Depreciation for the year	(2.15)	(46.47)	(13.40)	(10.00)	(12.98)	(85.00)
On disposals	-	-	-	0.81	-	0.81
Accumulated depreciation as at March 31, 2019	(6.80)	(501.48)	(44.99)	(36.42)	(41.07)	(630.76)
Net carrying amount as at March 31, 2019	3.94	60.59	24.58	18.03	23.85	130.99

b) Intangible assets

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.

Intangible assets are amortised on a straight line basis.

Intangible assets consist of software licenses.

Nature of intangible	Useful life
Software licenses	Lower of licenses period and 4 years

c) Other assets

Other assets consist of the following:

(₹ in lakhs)

Other assets - Non-current

Considered good

Prepaid expenses

As at March 31, 2020	As at March 31, 2019
5.33	10.53
5.33	10.53

Other assets - Current

(₹ in lakhs)

Considered good

Prepaid expenses

Indirect taxes recoverable

Advances to suppliers

Others

As at March 31, 2020	As at March 31, 2019
25.44	46.67
21.53	95.03
0.50	0.50
4.03	-
51.50	142.20

Prepaid rent of ₹ 13.55 lakhs has been reclassified to right-to-use asset pursuant to transition to Ind AS 116.

Notes forming part of the Financial Statements

d) Other liabilities

Other liabilities consist of the following:

(₹ in lakhs)

Operating lease liabilities

As at March 31, 2020	As at March 31, 2019
-	9.00
-	9.00
-	-

Other liabilities - Current

(₹ in lakhs)

Advance received from collection agencies
Indirect taxes payable and other statutory liabilities
Operating lease liabilities

As at March 31, 2020	As at March 31, 2019
129.78	170.14
22.38	140.82
-	15.89
152.16	326.85
-	-

Operating lease liability of ₹ 24.89 lakhs has been reclassified to retained earnings pursuant to transition to Ind AS 116.

9 REVENUE RECOGNITION

The Company earns revenue primarily from providing IT and IT enabled services in the State of Maharashtra.

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- Revenue from the sale of distinct third party software and hardware is recognised at the point in time when control is transferred to the customer net of applicable taxes and duties.
- Revenue is measured based on the transaction price, which is the consideration as specified in the contract with the customer. Revenue excludes taxes collected from customers.
- Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.
- Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services.

Notes forming part of the Financial Statements

Revenue disaggregation by nature is as follows:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Transaction revenue	7,779.50	6,658.33
Aadhaar authentication	787.97	837.92
Software development services and maintenance	163.61	252.54
Data centre establishment and maintenance	212.12	102.30
Others	13.96	58.91
	8,957.16	7,910.00

The Company generates revenues from providing services in the state of Maharashtra in India. For the current year, the revenue recognised in the statement of profit and loss equals to the contracted price.

Information about major customers:

For the year ended March 31, 2020 there are three customers who contribute more than 10% each to the total revenue. Revenue department contributes ₹ 3,775.39 lakhs constituting 42% of the total revenue, Directorate of Information Technology contributes ₹ 1,613.33 lakhs constituting 18%, and State CET contributes ₹ 1,425.83 lakhs constituting 16%.

Changes in unearned and deferred revenue are as under :

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	61.99	52.07
Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year	(28.36)	(29.09)
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year.	47.06	39.01
Balance at the end of the year	80.69	61.99

Impact of COVID-19

Company's major line of revenue is providing Online Services, Development and T&M Project and Recruitment & Digital evaluation . All these being Maharashtra Government Projects, the service line is not expected to be affected , however, if the prolonged lock-down situation continues it could:

- result in Company's ability to deploy resources due to restrictions in mobility
- Customers postponing their discretionary spend due to change in priorities

Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

10 OTHER INCOME

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

Notes forming part of the Financial Statements

Other income consists of the following:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest income	636.44	423.03
Net gain on investments carried at fair value through profit and loss	244.24	41.92
Net gain/(loss) on disposal of property, plant and equipment	0.89	[0.27]
Miscellaneous income	-	0.01
	881.57	464.69
Interest income comprises :		
Interest on bank deposits	94.69	411.30
Interest on income-tax refund	197.92	-
Interest on inter-corporate deposits	335.16	11.73
Other interest	8.67	-
	636.44	423.03

11 EMPLOYEE BENEFITS

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.

Defined contribution plans

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

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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.

Notes forming part of the Financial Statements

Employee Benefit Expenses

Employee benefit expenses consist of the following:

(₹ in lakhs)

Salaries, incentives and allowances
Contribution to provident fund and other funds
Staff welfare expenses

Year ended March 31, 2020	Year ended March 31, 2019
512.04	491.12
33.87	31.54
10.26	14.25
556.17	536.91

Employee benefit obligations consist of the following:

Employee benefit obligations - Non-current

(₹ in lakhs)

Compensated absences
Gratuity liability
Other employee benefit obligation

Year ended March 31, 2020	Year ended March 31, 2019
7.20	13.37
14.38	25.76
0.29	1.19
21.87	40.32

Employee benefit obligations - Current

(₹ in lakhs)

Compensated absences
Gratuity liability
Other employee benefit obligation

Year ended March 31, 2020	Year ended March 31, 2019
7.70	11.27
6.18	3.73
0.28	0.83
14.16	15.83

Employee benefit plans consist of the following:

Gratuity

In accordance with Indian law, the Company operates a scheme of 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 of employment of an amount equivalent to 1 month salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service.

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

Change in benefit obligations:

(₹ in lakhs)

Benefit obligation at the beginning of the year
Interest cost
Service cost
Benefits paid
Remeasurement of net defined benefit liability / (assets)
Present value of benefit obligation at the end of the year

As at March 31, 2020	As at March 31, 2019
29.49	24.94
2.06	1.81
5.08	4.89
(17.95)	(4.00)
1.88	1.85
20.56	29.49

Notes forming part of the Financial Statements

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

(₹ in lakhs)

Actuarial (gains) and losses arising from changes in demographic assumptions
 Actuarial (gains) and losses arising from changes in financial assumptions
 Actuarial (gains) and losses arising from changes in experience adjustments

Remeasurement of the net defined benefit liability

Net actuarial loss

Year ended March 31, 2020	Year ended March 31, 2019
(0.81)	0.61
(1.06)	(0.22)
3.75	1.46
1.88	1.85
1.88	1.85

Assumptions used in accounting for gratuity plan:

Discount rate

Salary escalation rate

Attrition rate

i) If Services < 5 years

ii) If Services > 5 years

Mortality Rate During Employment

As at March 31, 2020	As at March 31, 2019
5.25%	7.00%
4.00%	8.00%
47.67%	39.90%
29.92%	15.43%
Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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)/ increase as follows:

(₹ in lakhs)

Increase of 0.50%

Decrease of 0.50%

As at March 31, 2020	As at March 31, 2019
(0.22)	(0.77)
0.23	0.81

If the expected salary growth increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

(₹ in lakhs)

Increase of 0.50%

Decrease of 0.50%

As at March 31, 2020	As at March 31, 2019
0.23	0.80
(0.23)	(0.76)

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.

Notes forming part of the Financial Statements

Amount recognised in the Statement of Profit and Loss:

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	5.08	4.89
Net interest expenses	2.06	1.81
Component of defined benefit cost recognised in profit or loss	7.14	6.70
Remeasurement of the net defined benefit liability/(asset):	1.88	1.85
Components of defined benefits cost recognised in other comprehensive income	1.88	1.85
Total	9.02	8.55

Amount recognised in the Balance Sheet:

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Fair value of plan assets, end of the year	-	-
Present value of benefit obligation at the end of the year	(20.56)	(29.49)
Net (Liability) recognized in the Balance Sheet	(20.56)	(29.49)

The defined benefit obligations shall mature after year ended March 31, 2020 as follows:

(₹ in lakhs)

Year ending March 31,	Defined benefit obligations
2021	6.18
2022	4.55
2023	3.42
2024	2.51
2025	1.83
2026 to 2030	3.89

Provident fund

In accordance with Indian law, the employees are 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 ₹ 26.73 lakhs (March 31, 2019: ₹ 24.84 lakhs) for provident fund during the year ended March, 31 2020.

12 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 expenses. 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, 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.

a) Other expenses

Other expenses includes the following:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Fees to external consultants	2,098.13	1,182.01
Commission expenses	3,211.40	3,412.46
Equipment and software licenses	19.91	33.13
Communication expenses	518.81	399.52
Facility running expenses	65.53	67.98
Rent	1.91	215.73
Repairs and maintenance	43.19	41.45
Provision for doubtful debts (net)	35.80	109.81
Payment to auditors (refer note 16)	4.33	4.33
Expenditure on Corporate Social Responsibility (refer note 12(b))	34.14	30.30
Project expenses	0.77	108.41
Other expenses	40.79	35.25
	6,074.71	5,640.38

b) Expenditure on Corporate Social Responsibility Activities

As per section 135 of the Companies Act, 2013, amount required to be spent by the Company during the year ended March 31, 2020 and 2019 is ₹ 34.14 lakhs and ₹30.30 lakhs, respectively, computed at 2% of its average net profit for the immediately preceding three financial years, on CSR. The Company incurred an amount of ₹ 34.14 lakhs and ₹ 30.30 lakhs during the year ended March 31, 2020 and 2019, respectively, towards CSR expenditure for purposes other than construction / acquisition of any asset.

13 FINANCE COSTS

Finance cost includes the following:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest on delayed payment of GST	3.35	1.01
Interest on lease liabilities	17.84	-
Other Interest expenses	6.15	0.06
	27.34	1.07

14 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

Notes forming part of the Financial Statements

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 off-setting advance tax paid and income tax provision.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

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.

Income-tax expense consists of the following:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Current tax		
Current tax expense for current year	700.88	655.66
	700.88	655.66
Deferred tax		
Deferred tax expense/(benefit)	68.49	[42.98]
Total income-tax expense recognised in current year	769.37	612.68

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

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Profit before taxes	2,932.67	2,111.33
Indian statutory income-tax rate	25.168%	29.120%
Expected income-tax expense	738.09	614.82
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Prior period	(4.13)	-
Rate difference	32.81	-
Disallowance u/s.40a	-	-
Others (net)	2.60	[2.14]
Total income-tax expense	769.37	612.68

Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

(₹ in lakhs)

	Opening balance	Recognised / reversed through profit or loss	Recognised in other comprehensive income	Recognised in/ reclassified from retained earning	Closing balance
Deferred tax assets / (liabilities) in relation to:					
Property, plant and equipment and intangible assets	16.96	3.19	-	-	20.15
Provision for employee benefits	17.37	(8.57)	0.47	-	9.27
Operating lease liabilities	7.24	(0.49)	-	-	6.75
Transition impact of Ind AS 116	-	(10.84)	-	10.35	(0.49)
Provision for doubtful debts	190.63	(16.38)	-	-	174.25
Unrealised gain on mutual fund	-	(35.40)	-	-	(35.40)
Net deferred tax assets / (liabilities)	232.20	(68.49)	0.47	10.35	174.53

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

As at March 31, 2020

Deferred tax assets / (liabilities) in relation to

Property, plant and equipment and intangible assets	20.15	-	20.15
Provision for employee benefits	9.27	-	9.27
Operating lease liabilities	6.75	-	6.75
Transition impact of Ind AS 116	-	0.49	(0.49)
Provision for doubtful debts	174.25	-	174.25
Unrealised gain on mutual fund		35.40	(35.40)

Total deferred tax assets / (liabilities)

Assets	Liabilities	Net
20.15	-	20.15
9.27	-	9.27
6.75	-	6.75
-	0.49	(0.49)
174.25	-	174.25
	35.40	(35.40)
210.42	35.89	174.53

During the year the Company has opted for the lower Corporate Tax Rate as per the Taxation Laws (Amendment) Bill, 2019. Domestic tax rate of 22% i.e. effective tax rate of 25.17% (including of surcharge and cess) is applicable from April 1, 2019 onwards without claiming tax incentives. Accordingly, the company has recognized Provision for Income Tax & Deferred Tax Assets on the basis of rate prescribed in the said section.

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(₹ in 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 and intangible as-sets	7.15	9.81	-	16.96
Provision for employee benefits	15.43	1.29	0.65	17.37
Operating lease liabilities	7.34	(0.10)	-	7.24
Provision for doubtful debts	158.65	31.98	-	190.63
Net deferred tax assets / (liabilities)	188.57	42.98	0.65	232.20

Notes forming part of the Financial Statements

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

As at March 31, 2019

Deferred tax assets / (liabilities) in relation to

Property, plant and equipment and intangible assets	-
Provision for employee benefits	17.37
Operating lease liabilities	7.24
Provision for doubtful debts	190.63

Total deferred tax assets / (liabilities)

Assets	Liabilities	Net
-	(16.96)	16.96
17.37	-	17.37
7.24	-	7.24
190.63	-	190.63
215.24	(16.96)	232.20

15 EARNINGS PER SHARE

(₹ in lakhs)

Profit for the year(₹)	
Weighted average number of equity shares	
Earnings per share basic and diluted (₹)	
Face value per equity share (₹)	

Year ended March 31, 2020	Year ended March 31, 2019
2,163.30	1,498.65
2,552,705	2,552,705
84.75	58.71
10	10

16 AUDITOR'S REMUNERATION

(₹ in lakhs)

For services as auditors	
For reimbursement of expenses	

Year ended March 31, 2020	Year ended March 31, 2019
4.10	4.10
0.23	0.23
4.33	4.33

17 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 Ind AS 108 on Segment Reporting are not applicable.

18 COMMITMENTS AND CONTINGENCIES

Capital commitments

There are no contractual commitment for purchase of property plant and equipment as at March 31, 2020 and 2019.

Contingencies

(₹ in lakhs)

Income-tax demands	
Service tax	
Other claims not acknowledged as debts *	

As at March 31, 2020	As at March 31, 2019
12.95	0.73
-	58.73
436.32	436.32
449.27	495.78

Notes forming part of the Financial Statements

- Government of Maharashtra had awarded the Aadhar enrolment work to MahaOnline Limited and MahaOnline further outsourced the Aadhar enrollment work to Mphasis Ltd in the year Mar 2011. As per agreement with Mphasis, payment will be released to Mphasis for only when UID authority approves the Aadhar enrolment done by Mphasis. MahaOnline has released the payment based on the count approved by the UID. There is a dispute in count claimed by the Mphasis and count approved by the Government. Mphasis has filed the claim of ₹ 436.32 lakhs against Mahaonline for payment towards its services.

- 19 The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act and amend the definition of wages on which the organisation and its employees are to contribute towards Provident Fund. The Company believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. Additionally, there is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon. Supreme Court vide its ruling in February 2019, in relation to the scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. The Company will evaluate its position and act, as clarity emerges.

20 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. Fellow Subsidiaries with whom the Company has transactions

Tata Teleservices(Maharashtra) Ltd.

III. Key managerial Personnel

Mr. Prasad Parashram Kolte, Chief Operating Officer (till 8th Dec 2019)

Mrs. Shanti Nair, Chief Operating Officer (w.e.f. 9th Dec 2019)

Note: Related parties have been identified by the Management.

B Transactions during the year ended and Balances as at March 31, 2020

Transactions with Related Parties

(₹ in lakhs)

	Year ended March 31, 2020			
	Holding Company	Investing Party	Fellow Subsidiary Companies	Key Management Personnel
Revenue from operations	-	8,821.16	-	-
Purchases of goods and services (including reimbursements) (Refer note below)	1,322.07	1,253.83	5.82	1.38
Sub contracted cost	-	-	-	-
Dividend paid	500.59	175.88	-	-
Guarantees given	-	14.55	-	-

Note: This includes remuneration of ₹ 40.80 lakhs paid to Key Management Personnel.

Notes forming part of the Financial Statements

Transactions with Related Parties

(₹ in lakhs)

	Year ended March 31, 2019			
	Holding Company	Investing Party	Fellow Subsidiary Companies	Key Management Personnel
Revenue from operations	-	7,816.74	-	-
Purchases of goods and services (including reimbursements) (Refer note below)	294.78	961.91	14.37	2.40
Sub contracted cost	-	-	-	-
Dividend paid	500.59	175.88	-	-
Security deposit placed	-	-	-	-

Note: This includes remuneration of ₹ 39.60 lakhs paid to Key Management Personnel.

Balances with Related Parties

(₹ in lakhs)

	As at March 31, 2020			
	Holding Company	Investing Party	Fellow Subsidiary Companies	Key Management Personnel
Trade Receivables	16.72	2,523.95	-	-
Unbilled receivables	-	194.89	-	-
Trade Payables	72.36	56.72	0.19	-
Guarantees given	-	314.55	-	-
Security deposit	-	5.60	1.00	-

Balances with Related Parties

(₹ in lakhs)

	As at March 31, 2019			
	Holding Company	Investing Party	Fellow Subsidiary Companies	Key Management Personnel
Trade Receivables	16.72	2,027.04	-	-
Unbilled receivables	-	81.75	-	-
Trade Payables	156.70	65.09	0.19	-
Guarantees given	-	300.00	-	-
Security deposit	-	5.60	1.00	-

21 SUBSEQUENT EVENT:

There were no subsequent events as on the date on which the financials were available for issue.

As per our report of even date attached

For and on behalf of the Board

For B S R & Co. LLP

Chartered Accountants

Firm's registration no.101248W/W-100022

Rajesh Mehra

Partner

Membership No: 103145

Mumbai, May 15, 2020

Lakshminarayanan G S

Director

Tej Paul Bhatla

Director

TCS e-Serve International Limited

(CIN: U72300MH2007PLC240002)

FINANCIAL STATEMENTS

**For the year ended
March 31, 2020**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF TCS E-SERVE INTERNATIONAL LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of TCS e-Serve International Limited ("the Company") which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and of its loss (including other comprehensive loss), statement of changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditor's report thereon.

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

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

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), statement of changes in equity and cash flows 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. 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 and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India 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, to the extent applicable.
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 (including other comprehensive loss), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 and taken on record by the Board of Directors, none of the directors of the Company is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- B. With respect to the other matters to be included in the 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 as at March 31, 2020 on its financial position in its financial statements Refer to Note 15 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the investor Education and Protection Fund by the Company during the year ended March 31, 2020; and
 - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2020.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Rajesh Mehra
Partner

Membership No: 103145
UDIN: 20103145AAAAZ7022

Mumbai
May 14, 2020

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 financial statements for the year ended March 31, 2020, 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 in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year 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 property. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.

In respect of immovable properties taken on lease and disclosed as right-of-use-assets in the financial statements, the lease agreements are in the name of the Company.

- (ii) The Company is a service company engaged in the business of providing business process outsourcing 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 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 provisions of clauses 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 complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans given, investments made, guarantees and securities given.
- (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. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) 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, Goods and Services tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax and other material statutory dues were in arrears as at March 31, 2020, 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 Service tax or Goods and Services 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 (Rs in Lakhs)	Period	Forum where the dispute is pending
Income-tax Act, 1961	Demand received u/s 143(3) of the Income-tax Act, 1961	444	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 explanation given to us, the Company did not have any outstanding loans or borrowings from financial institutions or banks or government and there are no dues to debentureholders 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) 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) 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 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.

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

Mumbai
May 14, 2020

Rajesh Mehra
Partner
Membership No: 103145
UDIN: 20103145AAAAAZ7022

Annexure B to the Independent Auditor's Report on the financial statements of TCS e-Serve International Limited for the year ended 31st March 2020

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of TCS e-Serve International Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with

authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Mumbai
May 14, 2020

Rajesh Mehra

Partner

Membership No: 103145

UDIN: 20103145AAAAAZ7022

Balance sheet

(₹ in lakhs)

ASSETS

Non-current assets

(a) Property, plant and equipment	8(a)	4,708	431
(b) Capital work-in-progress		505	1,656
(c) Right-of-use assets	7	2,784	-
(d) Intangible assets	8(b)	165	9
(e) Financial assets			
(i) Investments	6(a)	130	130
(ii) Other financial assets	6(f)	820	272
(f) Income tax assets (net)		1,231	1,858
(g) Deferred tax assets (net)	15	6,007	4,564
(h) Other assets	8(c)	1,015	829

Total non-current assets

Current assets

(a) Financial assets			
(i) Investments	6(a)	1,053	4,497
(ii) Trade receivables	6(b)	13,257	21,577
(iii) Unbilled receivables		5,472	968
(iv) Cash and cash equivalents	6(c)	10,161	18,440
(v) Other balances with banks	6(d)	6	6
(vi) Loans receivable	6(e)	1,237	18,596
(vii) Other financial assets	6(f)	32	454
(b) Other assets	8(c)	3,169	2,796

Total current assets

TOTAL ASSETS

EQUITY AND LIABILITIES

Equity

(a) Share capital	6(m)	1,000	1,000
(b) Other equity	9	871	13,796

Total Equity

Liabilities

Non-current liabilities

(a) Lease liabilities		2,463	-
(b) Unearned and deferred revenue	10	-	17,831
(c) Employee benefit obligations	12	573	236
(d) Other liabilities	8(d)	-	249

Total non-current liabilities

Current liabilities

(a) Financial liabilities			
(i) Lease liabilities		868	-
(ii) Trade payables			
1. Dues of micro enterprises and small enterprises	6(g)	-	-
2. Dues of creditors other than micro enterprises and small enterprises	6(g)	15,553	13,408
(iii) Other financial liabilities	6(h)	8,020	10,104
(b) Unearned and deferred revenue	10	18,367	17,000
(c) Employee benefit obligations	12	3,257	2,484
(d) Income tax liabilities (net)		302	302
(e) Other liabilities	8(d)	478	673

Total current liabilities

TOTAL EQUITY AND LIABILITIES

NOTES FORMING PART OF FINANCIAL STATEMENTS 1-23

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 number : 103145

Mumbai, May 14, 2020

For and on behalf of the Board

Dinanath Kholkar

Chairman

Krishnaswamy M Gopikumar

CFO, Director and Company Secretary

Ramakrishna Mohan Veeturi

CEO and Managing Director

Statement of Profit and loss

(₹ in lakhs)

	Note	Year ended March 31,2020	Year ended March 31,2019
I. Revenue from operations	10	123,059	119,693
II. Other income (net)	11	1,184	791
III. TOTAL INCOME		124,243	120,484
IV. Expenses:			
(a) Employee benefit expenses	12	105,526	102,160
(b) Cost of equipment and software licenses		707	-
(c) Depreciation and amortisation expense	7 & 8(a),(b)	1,591	232
(d) Other expenses	13(a)	29,775	27,196
(e) Finance costs	14	409	7
TOTAL EXPENSES		138,008	129,595
V. LOSS BEFORE TAX (III-IV)		(13,765)	(9,111)
VI. Tax expense:			
(a) Current tax	15	(52)	-
(b) Deferred tax	15	(1,208)	(3,285)
TOTAL TAX EXPENSE		(1,260)	(3,285)
VII. LOSS FOR THE YEAR		(12,505)	(5,826)
VIII. OTHER COMPREHENSIVE INCOME			
(i) Items that will not be reclassified subsequently to profit and loss:			
Remeasurement of defined employee benefit plans		(405)	(23)
(ii) Income-tax on items that will not be reclassified subsequently to profit and loss		102	8
TOTAL OTHER COMPREHENSIVE LOSS NET OF TAXES		(303)	(15)
IX. TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(12,808)	(5,841)
X. Earnings per equity share :- Basic and diluted (₹)	16	(1,250)	(583)
Weighted average number of equity shares		1,000,000	1,000,000
NOTES FORMING PART OF FINANCIAL STATEMENTS	1-23		

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 number : 103145

Mumbai, May 14, 2020

For and on behalf of the Board

Dinanath Kholkar

Chairman

Ramakrishna Mohan Veeturi

CEO and Managing Director

Krishnaswamy M Gopikumar

CFO, Director and Company Secretary

Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(₹ in lakhs)

Balance as at April 1, 2018	Change in Equity share capital during the year	Balance as at March 31, 2019
1,000	-	1,000

(₹ in lakhs)

Balance as at April 1, 2019	Change in Equity share capital during the year	Balance as at March 31, 2020
1,000	-	1,000

B. OTHER EQUITY

(₹ in lakhs)

	Reserves and surplus		
	General reserve	Retained earnings	Total other equity
Balance as at April 1, 2018	403	19,234	19,637
Loss for the year	-	(5,826)	(5,826)
Other comprehensive loss	-	(15)	(15)
Total comprehensive loss	-	(5,841)	(5,841)
Balance as at March 31, 2019	403	13,393	13,796
Balance as at April 1, 2019	403	13,393	13,796
Transition impact of IND AS 116, net of tax*	-	(117)	(117)
Restated balance as at April 1, 2019	403	13,276	13,679
Loss for the year	-	(12,505)	(12,505)
Other comprehensive loss	-	(303)	(303)
Total comprehensive loss	-	(12,808)	(12,808)
Balance as at March 31, 2020	403	468	871

* Refer note 7

Nature and purpose reserves

(a) General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to statement of profit and loss. General reserve can be utilised for distribution of dividend.

NOTES FORMING PART OF FINANCIAL STATEMENTS 1-23

As per our report of even date attached

For **B S R & CO. LLP**

Chartered Accountants

Firm's registration no. 101248W/W-100022

For and on behalf of the Board

Dinanath Kholkar

Chairman

Ramakrishna Mohan Veeturi

CEO and Managing Director

Rajesh Mehra

Partner

Membership number : 103145

Mumbai, May 14, 2020

Krishnaswamy M Gopikumar

CFO, Director and Company Secretary

Statement of Cash Flows

(₹ in lakhs)

CASH FLOWS FROM OPERATING ACTIVITIES:

(Loss) for the year

Adjustments to reconcile profit to net cash provided by operating activities:

Depreciation and amortisation expense	1,591	232
Tax expense	(1,260)	(3,285)
Net gain on investment carried at fair value through profit and loss	(452)	(353)
Interest income	(995)	(1,179)
Finance costs	409	7
Bad debts and advances written off, provision for advances (net)	89	(2)
Net gain on lease modification	2	-
Unrealised foreign exchange gain	3	-
Unrealised loss on investments carried at fair value through profit and loss	8	54

Operating profit before working capital changes

Net change in:

Trade receivables	8,320	(20,437)
Unbilled receivables	(4,505)	(359)
Other financial assets	(504)	(199)
Other assets	(614)	(1,714)
Loans receivable	3	(35)
Trade and other payables	2,146	10,066
Other financial liabilities	(2,145)	9,324
Unearned and deferred revenues	(16,465)	(18,682)
Employee benefit obligations	705	2,367
Other liabilities	(180)	451

Cash used in operations

Taxes paid (net of refunds)

Net cash used in operating activities

CASH FLOWS FROM INVESTING ACTIVITIES:

Payment for purchase of property, plant and equipment	(3,894)	(1,692)
Payment for purchase of intangibles	(180)	(9)
Proceeds from sale of property, plant and equipment	3	-
Purchase of investments	(50,120)	(18,659)
Proceeds from sale of investments	54,008	20,729
Proceeds from intercorporate deposits	29,955	9,240
Intercorporate deposit placed	(12,600)	(19,154)
Interest received	1,360	965

Net cash (used in)/generated from by investing activities

Year ended March 31,2020	Year ended March 31,2019
(12,505)	(5,826)
1,591	232
(1,260)	(3,285)
(452)	(353)
(995)	(1,179)
409	7
89	(2)
2	-
3	-
8	54
(13,110)	(10,352)
8,320	(20,437)
(4,505)	(359)
(504)	(199)
(614)	(1,714)
3	(35)
2,146	10,066
(2,145)	9,324
(16,465)	(18,682)
705	2,367
(180)	451
(26,349)	(29,570)
680	-
(25,669)	(29,570)
(3,894)	(1,692)
(180)	(9)
3	-
(50,120)	(18,659)
54,008	20,729
29,955	9,240
(12,600)	(19,154)
1,360	965
18,532	(8,580)

Statement of Cash Flows (continued)

CASH FLOWS FROM FINANCING ACTIVITIES:

Lease Liability

Interest paid

Net cash used in financing activities

Net change in cash and cash equivalents

Cash and cash equivalents, as at the beginning of the year

Cash and cash equivalents, as at the end of the year

Year ended March 31,2020	Year ended March 31,2019
(733)	-
(409)	(7)
(1,142)	(7)
(8,279)	(38,157)
18,440	56,597
10,161	18,440

NOTES FORMING PART OF FINANCIAL STATEMENTS 1-23

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

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 number : 103145

Mumbai, May 14, 2020

For and on behalf of the Board

Dinanath Kholkar

Chairman

Ramakrishna Mohan Veeturi

CEO and Managing Director

Krishnaswamy M Gopikumar

CFO, Director and 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 Private Limited (Previous Year: Tata Sons Limited) is the ultimate holding company.

The Company’s operations include delivering core business processing services, and support services for both data and voice processes.

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on May 14, 2020.

2. 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.

3. Basis of preparations

These financial statements have been prepared on historical cost basis, except for certain financial instruments and defined benefit plans which are measured at fair value or amortised cost 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. All assets and liabilities have been classified as current and non-current as per the Company’s normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method.

These financial statements have been prepared in Indian Rupee (₹) which is the functional currency of the Company. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated 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 that are measured in terms of historical cost in foreign currencies are not retranslated.

Loss for year increased to Rs.12,505 lakhs from Rs.5,826 lakhs in the previous year. This increase in loss was mainly on account of acquisition of a large and multi-billion dollar, multi-year deal with an Insurance client in 2018 with deal term spreading over 15 years. The loss was anticipated and factored in the Company’s projections for the year. The Company has also added new clients to its portfolio and with existing accounts including the above, the company expects to have positive results in the coming years.

The significant accounting policies used in preparation of the standalone financial statements have been discussed in the respective notes.

4. 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.

Notes forming part of the Financial Statements

The Company uses the following critical accounting estimates in preparation of its financial statements:

a) Revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of the completion of the performance of the obligation.

b) 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.

c) Impairment of investment in subsidiary

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 in the statement of profit and loss.

d) 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.

e) Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

f) Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable

Notes forming part of the Financial Statements

that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

g) Employee benefits

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

h) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

6. Financial assets, financial liabilities and equity 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.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Notes forming part of the 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 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 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 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.

Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment loss, if any.

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 of direct issue cost.

Derivative accounting

• Instruments not in hedging relationship

The Company enters into contracts that are effective as hedges from an economic perspective, but they do not qualify for hedge accounting. The change in the fair value of such instrument is recognised in statement of profit and loss.

Notes forming part of the Financial Statements

Impairment of 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. 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 allowance 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.

(a) Investments

Investments consist of the following:

Investments- non-current

Investment in subsidiary

TCS e-Serve America Inc.

Fully paid equity shares (Unquoted)

27,600 (March 31, 2019: 27,600) shares of US\$ 10 each fully paid up

(₹ in lakhs)

As at March 31, 2020	As at March 31, 2019
130	130
130	130

Investments - current

(₹ in lakhs)

Investments carried at fair value through profit and Loss

Mutual fund units (quoted)

Birla Sun Life Cash Plus - Direct - Growth

Tata Liquid Fund - Direct - Growth

ICICI Prudential Liquid -Direct- Growth

UTI Liquid Cash Fund Direct-Growth

IDFC Cash Fund Direct-Growth

AXIS Liquid Fund Direct-Growth

DSP Liquidity Fund Direct - Growth

L&T Liquidity Fund Direct - Growth

As at March 31, 2020	As at March 31, 2019
-	1,408
263	636
-	300
87	1,151
81	-
284	401
338	300
-	301
1,053	4,497

Aggregate value of quoted investments is as follows:

(₹ in lakhs)

Aggregate value of quoted investments

Aggregate market value of quoted investments

As at March 31, 2020	As at March 31, 2019
1,032	4,473
1,053	4,497

Notes forming part of the Financial Statements

(b) Trade Receivables

Trade receivables (unsecured) consist of the following:

(₹ in lakhs)

Trade Receivables (unsecured), Considered good

As at March 31, 2020	As at March 31, 2019
13,257	21,577
13,257	21,577

Note : Above balances of trade receivables include balances with related parties (Refer note 21).

(c) Cash And Cash Equivalents

Cash and cash equivalents consist of the following:

(₹ in lakhs)

Balances with banks

-In current accounts

Short-term bank deposits

As at March 31, 2020	As at March 31, 2019
-	
10,151	18,440
10	-
1 0,161	18,440

TCS e-Serve International Limited has working capital facilities agreement with Citibank N.A. of USD 15,000,000 (unsecured limit) and USD 100,000 (secured limit) for bank guarantees in aggregate. Utilization of the secured limit is subject to provision of cash collateral by TCS e-serve International Limited in a form and manner acceptable to Citibank N.A. During the year, the company has not utilized this facility. (₹ in lakhs)

(d) Other balances with banks

Other balances with banks consist of the following:

(₹ in lakhs)

Earmarked balances with banks (Balances held as margin money against guarantees)

As at March 31, 2020	As at March 31, 2019
6	6
6	6

(e) Loans Receivables

Loans receivables (unsecured) consist of the following:

(₹ in lakhs)

Considered good

Loans and advances to employees

Inter-corporate deposits*

Credit impaired

Loans and advances to employees

Less: Allowance on loans and advances to employees Others

As at March 31, 2020	As at March 31, 2019
37	40
1,200	18,556
-	16
-	(16)
1,237	18,596

*Inter-corporate deposits placed with financial institutions yield fixed interest rate.

Notes forming part of the Financial Statements

(f) Other Financial Assets

Other financial assets consist of the following:

Other financial assets - Non-current

(₹ in lakhs)

As at March 31, 2020	As at March 31, 2019
Security deposits - Premises	65
Security deposits with related party	201
Security deposits with others	6
820	272

Security deposit of ₹54 lakhs has been reclassified to right-to-use asset pursuant to transition to IND AS 116.

Other financial assets - Current

(₹ in lakhs)

As at March 31, 2020	As at March 31, 2019
Interest receivable	378
Fair value of foreign exchange derivative assets	76
32	454

(g) Trade payables

(₹ in lakhs)

As at March 31, 2020	As at March 31, 2019
Dues of creditors other than micro and small enterprises*	13,408
Dues to Micro and Small enterprises**	-

* Above balances of trade payables include balances with related parties (Refer note 21).

** There are no transactions with Micro and Small enterprises during the year.

(h) Other Financial Liabilities

Other financial liabilities consist of the following:

Other financial liabilities - Current

(₹ in lakhs)

As at March 31, 2020	As at March 31, 2019
Capital creditors	2 73
Liabilities towards customer contracts	6 03
Accrued payroll	9,116
Fair value of foreign exchange derivative liabilities	81
Others	31
8,020	10,104

Notes forming part of the Financial Statements

(i) Financial instruments by category

The carrying value of financial instruments by categories as of March 31, 2020 is as follows:

(₹ in lakhs)

	Fair value through profit or loss	Amortised cost	Derivative instruments not in hedging relationship (NDH)	Total carrying value
Financial assets:				
Cash and cash equivalents	-	10,161	-	10,161
Earmarked bank balances	-	6	-	6
Trade receivables	-	13,257	-	13,257
Investments (other than in subsidiary)	1,053	-	-	1,053
Unbilled receivables	-	5,472	-	5,472
Loans receivables *	-	1,237	-	1,237
Other financial assets	-	834	18	852
Total	1,053	30,967	18	32,038
Financial liabilities:				
Trade payables	-	15,553	-	15,553
Lease liabilities	-	3,330	-	3,330
Other financial liabilities	-	8,020	-	8,020
Total	-	26,903	-	26,903

*Loans receivables include inter-corporate deposits of ₹ 1,200 lakhs, with original maturity period within 12 months.

The carrying value of financial instruments by categories as of March 31, 2019 is as follows:

(₹ in lakhs)

	Fair value through profit or loss	Amortised cost	Derivative instruments not in hedging relationship (NDH)	Total carrying value
Financial assets:				
Cash and cash equivalents	-	18,440	-	18,440
Earmarked bank balances	-	6	-	6
Trade receivables	-	21,577	-	21,577
Investments (other than in subsidiary)	4,497	-	-	4,497
Unbilled receivables	-	968	-	968
Loans receivables *	-	18,596	-	18,596
Other financial assets	-	650	76	726
	4,497	60,237	76	64,810
Financial liabilities:				
Trade and other payables	-	13,408	-	13,408
Other financial liabilities	-	10,023	81	10,104
Total	-	23,431	81	23,512

*Loans receivables include inter-corporate deposits of ₹ 18,556 lakhs, with original maturity period within 12 months.

Notes forming part of the Financial Statements

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables, loans receivables and trade payables as at March 31, 2020 and March 31, 2019 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the periods presented. Fair value measurement of lease liabilities is not required.

(j) 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 and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

(₹ in lakhs)

As of March 31, 2020:

Financial assets:

Mutual fund units

Fair value of foreign currency derivative
financial assets

Level 1	Level 2	Level 3	Total
1,053	-	-	1,053
-	18	-	18
1053	18	-	1,071

(₹ in lakhs)

As of March 31, 2019:

Financial assets:

Mutual fund units

Fair value of foreign currency derivative
financial assets

Level 1	Level 2	Level 3	Total
4,497	-	-	4,497
-	76	-	76
4,497	76	-	4,573

Financial liability:

Fair value of foreign currency derivative
financial liability

Level 1	Level 2	Level 3	Total
-	81	-	81
-	81	-	81

(k) Derivative financial instruments and hedging activity

The Company's revenue is denominated in foreign currency predominantly US Dollar. Given the nature of the business, a large portion of the costs are denominated in Indian Rupee. This exposes the Company to currency fluctuations.

The Company has entered into derivative instruments not in hedging relationship by way of foreign exchange forward. As at March 31, 2020 and 2019, the notional amount of outstanding contracts aggregated to ₹ 18,859 lakhs and ₹ 34,568 lakhs, respectively and the respective fair value of these contracts have a net gain of ₹18 lakhs and net loss of ₹5 lakhs. Exchange loss of ₹ 966 lakhs and exchange gain of ₹ 271 lakhs on foreign exchange forward contracts that do not qualify for hedge accounting have been recognised in the statement of profit and loss for the years ended March 31, 2020 and 2019, respectively..

Notes forming part of the Financial Statements

(U) 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.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit 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.

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.

The Company uses derivative instruments primarily to hedge foreign exchange. Further, 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. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

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. Further the exposure as indicated below is mitigated by some of the derivative contracts entered into by the Company as disclosed in note 6(j).

The following table sets forth information relating to unhedged foreign currency exposure as of March 31, 2020.

	(₹ in lakhs)	
	USD	AUD
Net financial assets	9,391	181
Net financial liabilities	(16,828)	(357)

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately ₹761 lakhs for the year ended March 31, 2020.

The following table sets forth information relating to unhedged foreign currency exposure as of March 31, 2019.

	(₹ in lakhs)		
	USD	AUD	AED
Net financial assets	26,278	396	-
Net financial liabilities	(16,230)	(609)	(3)

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in decrease / increase in the Company's profit before taxes by approximately ₹ 984 lakhs for the year ended March 31, 2019.

Notes forming part of the Financial Statements

- 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.

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 receivables, loans receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. Inter-corporate deposits of ₹1200 lakhs are with a financial institution having a high credit-rating assigned by credit-rating agencies.

Bank deposits include an amount of ₹16 lakhs held with one Indian bank having high credit rating which is individually in excess of 10% or more of the Company's total bank deposits as at March 31, 2020. 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 ₹ 21,871 lakhs and ₹ 46,369 lakhs as of March 31, 2020 and March 31, 2019 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.

Single customer contributing to more than 10% of outstanding accounts receivable and unbilled revenue as of March 31, 2020 and March 31, 2019 is as follows.

(₹ in lakhs)

	As at March 31, 2020		As at March 31, 2019	
	Trade receivables and Unbilled receivable	Percentage	Trade receivables and Unbilled receivable	Percentage
Customer A	7,107	38%	17,364	77%
Customer B	6,617	35%	3,245	14%
Customer C	2,496	13%	-	-

- Geographic concentration of credit risk**

The Company also has a geographic concentration of trade receivables, net of allowances and unbilled revenue as given below:

Geographical concentration of credit risk is allocated based on the location of the customers.

(In %)

Geography	Year ended March 31, 2020	Year ended March 31, 2019
Americas	87%	70%
Asia Pacific	1%	4%
Europe	1%	3%
India	8%	3%
Middle East	2%	19%
UK	0%	1%

The allowance for lifetime expected credit loss on trade receivables was nil in both the years.

Notes forming part of the Financial Statements

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 including lease liabilities as and when they fall due.

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

March 31, 2020

Non-derivative financial liabilities:

Trade payables

Lease liabilities

Other financial liabilities

Total

Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
15,553	-	-	-	15,553
1,023	818	1,498	892	4,231
8,020	-	-	-	8,020
24,597	818	1,498	892	27,804

March 31, 2019

Non-derivative financial liabilities:

Trade payables

Other financial liabilities

Derivative financial liabilities:

Total

Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
13,408	-	-	-	13,408
10,104	-	-	-	10,104
23,512	-	-	-	23,512
81	-	-	-	81
23,593	-	-	-	23,593

Other risk – Impact of COVID-19

Financial instruments carried at fair value as at March 31, 2020 is ₹1,072 lakhs and financial instruments carried at amortised cost as at March 31, 2020 is ₹30,966 lakhs. The financial assets are classified as Level 1 having fair value of ₹1053 lakhs. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Company are mainly investments in liquid debt securities and accordingly, any material volatility is not expected.

Financial assets of ₹10,167 lakhs carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of ₹13,257 lakhs forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to customers in BFSI and Retail verticals which could have an immediate impact and the rest which could have an impact with a lag. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables and contract assets while arriving at the level of provision that is required. Basis this assessment, no allowance for receivable is required.

Notes forming part of the Financial Statements

(m) Fair value hierarchy:

The authorised, issued, subscribed and fully paid-up share capital comprises of equity shares having a par value of ₹100 each as follows

(₹ in lakhs)

Authorised :

Equity share capital
2,500,000 equity shares of ₹ 100 each
(March 31, 2019 : 2,500,000 equity shares of ₹ 100 each)

Issued, subscribed and paid up:

Equity share capital
1,000,000 equity shares of ₹100 each
(March 31, 2019 : 1,000,000 equity shares of ₹ 100 each)

As at March 31, 2020		As at March 31, 2019	
Number of shares	Amount	Number of shares	Amount
250,000,000	2,500	250,000,000	2,500
250,000,000	2,500	250,000,000	2,500
100,000,000	1,000	100,000,000	1,000
100,000,000	1,000	100,000,000	1,000

Note:

- 1,000,000 (March 31, 2019 : 1,000,000) equity shares of ₹ 100/- each are held by Tata Consultancy Services Limited, the holding company and its nominees. Tata Sons Private Limited (Previous Year: Tata Sons Limited) is the ultimate holding company.
- 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.

Reconciliation

Opening balance
Changes during the year
Closing balance

As at March 31, 2020		As at March 31, 2019	
Number of shares	Amount	Number of shares	Amount
1,000,000	1,000	1,000,000	1,000
-	-	-	-
1,000,000	1,000	1,000,000	1,000

Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹100 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.

Notes forming part of the Financial Statements

7. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the remeasurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue to allocate the consideration in the contract.

Notes forming part of the Financial Statements

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Refer note 2(f) – Significant accounting policies – Leases in the Financial Statements of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 3,232 lakhs and a corresponding lease liability of ₹ 3,692 lakhs has been recognized. The cumulative effect on transition in retained earnings net of taxes is ₹ 117 lakhs (including deferred tax of ₹ 132 lakhs). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 8.24% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expense has changed from lease rent in previous period to depreciation cost for the right - to -use asset, and finance cost for interest accrued on lease liabilities.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

Notes forming part of the Financial Statements

The details of the right-of-use asset held by the Company is as follows:

(₹ in lakhs)

	Additions for the year ended March 31, 2020	Net carrying amount as at March 31, 2020
Leasehold Buildings	366	2,784
	366	2,784

Depreciation on right-of-use assets is as follows:

(₹ in lakhs)

	Year ended March 31, 2020
Leasehold Buildings	814
	814

Interest on lease liabilities is ₹ 318 lakhs for the year ended March 31, 2020.

The Company incurred ₹ 52 lakh for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹1,091 lakh for the year ended March 31, 2020, including cash outflow for short term and low value leases. The Company does not have lease term extension options that are not reflected in the measurement of lease liabilities

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

8. Non Financial assets and non financial liabilities

(a) Property, plant and equipment

Property, plant and equipment are stated at cost including initial directly attributable 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 based on a technical 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 asset

Leasehold Improvements
Computer equipment
Furniture and fixtures
Office equipment
Electrical installations

Useful lives
Lease term
4 years
5 years
5 years
10 years

Notes forming part of the Financial Statements

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.

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.

Property, plant and equipment consist of the following:

(₹ in lakhs)

Description	Leasehold Improvements	Computer equipment	Office equipment	Electrical installations	Furniture and fixtures	Total
Cost as at April 1, 2019	-	1,328	49	14	-	1,391
Additions	810	3,132	875	113	102	5,032
Disposals	-	(3)	-	-	-	(3)
Cost as at March 31, 2020	810	4,457	924	127	102	6,420
Accumulated depreciation as at April 1, 2019	-	(920)	(32)	(8)	-	(960)
Depreciation for the year	(79)	(537)	(114)	(6)	(17)	(753)
Eliminated on disposals of assets	-	1	-	-	-	1
Accumulated depreciation as at March 31, 2020	(79)	(1,456)	(146)	(14)	(17)	(1,712)
Net Carrying amount as at March 31, 2020	731	3,001	778	13	85	4,708

(₹ in lakhs)

Description	Leasehold Improvements	Computer equipment	Office equipment	Electrical installations	Furniture and fixtures	Total
Cost as at April 1, 2018	-	1,029	40	14	-	1,083
Additions	-	301	9	-	-	310
Disposals	-	(2)	-	-	-	(2)
Cost as at March 31, 2019	-	1,328	49	14	-	1,391
Accumulated depreciation as at April 1, 2018	-	(696)	(26)	(7)	-	(729)
Depreciation for the year	-	(224)	(6)	(1)	-	(231)
Eliminated on disposals of assets	-	-	-	-	-	-
Accumulated depreciation as at March 31, 2019	-	(920)	(32)	(8)	-	(960)
Net Carrying amount as at March 31, 2019	-	408	17	6	-	431

(b) Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences which are amortised over license period which equates the useful life ranging between 2-5 years on a straight line basis over the period of its economic useful life.

Notes forming part of the Financial Statements

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.

Intangible assets consist of the following:

(₹ in lakhs)

Description	Rights under licencing agreement and software licences	Total
Cost as at April 1, 2019	10	10
Additions	180	180
Disposals	-	-
Cost as at March 31, 2020	190	190
Accumulated amortisation as at April 1, 2019	(1)	(1)
Amortisation for the year	(24)	(24)
Eliminated on disposals of assets	-	-
Accumulated amortisation as at March 31, 2020	(25)	(25)
Net Carrying amount as at March 31, 2020	165	165

(₹ in lakhs)

Description	Rights under licencing agreement and software licences	Total
Cost as at April 1, 2018	-	-
Additions	10	10
Disposals	-	-
Cost as at March 31, 2019	10	10
Accumulated depreciation as at April 1, 2018	-	-
Amortisation for the year	(1)	(1)
Eliminated on disposals of assets	-	-
Accumulated depreciation as at March 31, 2019	(1)	(1)
Net Carrying amount as at March 31, 2019	9	9

The estimated amortisation for the years subsequent to Mar 31, 2020 is as follows

(₹ in lakhs)

Year ending March 31,	Amortisation expense
2021	48
2022	47
2023	47
2024	23
Thereafter	-
	165

Notes forming part of the Financial Statements

(c) Other Assets

Other assets consist of the following:

Other non-current assets

(₹ in lakhs)

Considered good - Unsecured

Indirect tax recoverable

Prepaid expenses

Capital advances

As at March 31, 2020	As at March 31, 2019
744	797
66	32
205	-
1,015	829

Other current assets

(₹ in lakhs)

Considered good - Unsecured

Prepaid expenses

Indirect tax recoverable

Advance to suppliers

Contract fulfillment costs

Prepaid rent

Tax credit entitlements

Year ended March 31, 2020	Year ended March 31, 2019
19	226
2,387	2,216
304	120
460	-
-	54
-	180
3,169	2,796

(d) Other Liabilities

Other liabilities consist of the following:

Other non-current liabilities

(₹ in lakhs)

Operating lease liabilities

Year ended March 31, 2020	Year ended March 31, 2019
-	249
-	249

Other current liabilities

(₹ in lakhs)

Indirect tax payable and other statutory liabilities

Operating lease liabilities

Others

Year ended March 31, 2020	Year ended March 31, 2019
409	623
-	25
69	25
478	673

Operating lease liability of ₹ 260 lakhs has been reclassified to retained earnings pursuant to transition to Ind AS 116

Notes forming part of the Financial Statements

9. Other Equity

Other equity consist of the following:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
General reserve		
Opening and closing balance	4 03	403
	403	403
Retained earnings		
Opening balance	13,393	19,234
Transition impact of IND AS 116	(117)	-
Loss for the year	(12,505)	(5,826)
Other comprehensive loss	(303)	(15)
	468	13,393
	871	13,796

Note: Refer Statement of Changes in Equity for nature and purpose of general reserve.

10. Revenue recognition

The Company earns revenue primarily from providing Business Process Outsourcing Services for its customers in banking, financial services and insurance domain.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e .April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application. The impact of adoption of the standard on the financial statements of the Company is insignificant.

- Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue excludes taxes collected from customers.
- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.

Notes forming part of the Financial Statements

- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from intercompany is recognised based on transaction price which is at arm's length.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Revenue disaggregation by nature of services is as follows :

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Consultancy services	122,398	119,693
Sale of equipment and software licences	661	-
Total	123,059	119,693

For details of disaggregation of revenues from contracts with customers by industry verticals and geography refer note. 18

Information about major customers :

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has applied practical expedient of not disclosing the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in

Notes forming part of the Financial Statements

currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹ 27,297 lakhs out of which 94.78% is expected to be recognized as revenue within the next one year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in unearned and deferred revenue are as follows:

(₹ in lakhs)

Balance at the beginning of the year

Revenue recognised that was included in the unearned and deferred revenue balance at the beginning of the year.

Increase due to invoicing during the year, excluding amounts recognised as revenue during the year

Translation exchange difference

Other movement during the year

Balance at the end of the year

As at March 31, 2020	As at March 31, 2019
34,831	53,513
(17,542)	(40,167)
629	21,485
218	-
231	-
18,367	34,831

Reconciliation of revenue recognised with the contracted price is as follows :

(₹ in lakhs)

Particulars

Revenue as per Contract price

(-) Volume / Cash Discount

(-) Service Credit

Revenue recognised

As at March 31, 2020	As at March 31, 2019
128,346	123,745
3,796	1,456
1,491	2,596
123,059	119,693

The reduction towards variable consideration comprises of volume discount, service level credits, etc.

Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from

- the inability of our customers to continue their businesses due to financial resource constraints or their services no longer being availed by their customers
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers not in a position to accept alternate delivery modes using Secured Borderless WorkSpaces
- customers postponing their discretionary spend due to change in priorities

The Company has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect

Notes forming part of the Financial Statements

of fixed price contracts and incorporated the impact of likely delays / increased cost in meetings its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage-completion-basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

11. Other Income

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

Other income consist of the following:

(₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Interest income	995	1,179
Net gain on investment carried at fair value through profit and loss	452	352
Unrealised loss on investments carried at Fair value through P&L	(8)	(54)
Net gain on disposal of property, plant and equipment	1	-
Net foreign exchange loss	(256)	(690)
Rent Income	-	4
	1,184	791
Interest income consist of the following:		
Interest income on bank deposits	282	263
Interest on income tax refund	123	-
Interest income on financial assets at amortised cost	590	916

12. Employee benefits

The Company has both defined contribution and defined benefit plans. The plans are financed by the Company and in case of some defined contribution plans, by the Company along with its employees.

(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.

(ii) Defined contribution plans

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

(iii) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the

Notes forming part of the Financial Statements

employee renders the related service. A liability is recognised for the amount expected to be paid when there is 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.

(iv) 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.

Employee benefit expenses consist of the following:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, incentives and allowances	91,405	89,462
Contributions to provident and other funds	8,410	8,359
Staff welfare expenses	5,711	4,339
	105,526	102,160

Non-current employee benefit obligations

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Compensated absences	-	76
Gratuity liability	573	160
	573	236

Current employee benefit obligations

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Compensated absences	3,221	2,471
Gratuity liability	36	13
	3,257	2,484

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.

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

Notes forming part of the Financial Statements

Defined benefit retirement plan :

(₹ in lakhs)

Change in benefit obligations:

Benefit obligations, beginning of the year	173
Service cost	38
Interest cost	13
Remeasurement of the net defined benefit liability	405
Benefits paid	(19)

Benefit obligations end of the year

Year ended March 31, 2020	Year ended March 31, 2019
Domestic Plan Unfunded	Domestic Plan Unfunded
173	118
38	30
13	9
405	23
(19)	(7)
610	173

Net periodic gratuity included in employee costs consists of following:

(₹ in lakhs)

Service cost	38
Net interest on net defined benefit liability	13
Net periodic gratuity	51

Year ended March 31, 2020	Year ended March 31, 2019
Domestic Plan Unfunded	Domestic Plan Unfunded
38	30
13	9
51	39

Remeasurement of net defined benefit liability:

(₹ in lakhs)

Actuarial (gains) and losses arising from changes in demographic assumptions	11
Actuarial (gains) and losses arising from changes in financial assumptions	92
Actuarial (gains) and losses arising from changes in experience adjustments	302
Remeasurement of the net defined benefit liability	405

Year ended March 31, 2020	Year ended March 31, 2019
Domestic Plan Unfunded	Domestic Plan Unfunded
11	(1)
92	-
302	24
405	23

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

(₹ in lakhs)

Notes forming part of the Financial Statements

	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	6.04%	7.75%
Rate of increase in compensation levels of covered employees	6.00%	6.00%
Weighted average duration of defined benefit obligations	12 years	11 years

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, 2020. The Company is expected to contribute ₹ NIL lakhs to defined benefit plan obligations funds for the year ending March 31, 2021.

Remeasurement (loss)/gain of defined employee benefit plans in other comprehensive income for the year ended March 31, 2020 and March 31, 2019 are ₹ (405) lakhs and ₹ (23) 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 increase / (decrease) as follows:

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Increase of 0.50%	(6)	(8)
Decrease of 0.50%	6	8

If the discount rate increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Increase of 0.50%	6	8
Decrease of 0.50%	(6)	(8)

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, 2020 as follows:

(₹ in lakhs)

Notes forming part of the Financial Statements

Year ending March 31,

2021

2022

2023

2024

2025

2026 to 2030

Defined Benefit Obligation

36

48

40

42

41

206

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 ₹307 lakhs and ₹ 139 lakhs to the provident fund for the year ended March 31, 2020 and March 31, 2019, respectively.

13. 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 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.

(a) Other Operating Expenses

Other operating expenses consist of the following:

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Fees to external consultants	19,634	12,277
Project expenses	3,549	8,705
Facility running expenses	2,200	2,722
Corporate expenses	1,618	1,264
Travel expenses	1,224	798
Communication expenses	396	270
Bad debts and advances written off, provision for advances (net)	89	(2)
Other expenses	1,065	1,162
	29,775	27,196

Notes forming part of the Financial Statements

(b) Corporate Social Responsibility (CSR) expenditure

As per section 135 of the Companies Act, 2013, amount required to be spent by the Company during the year ended March 31, 2020 and 2019 is ₹ 20 lakhs and ₹ 94 lakhs, respectively, computed at 2% of its average net profit for the immediately preceding three financial years, on CSR. The Company incurred an amount of ₹ 20 lakhs and ₹ 94 lakhs during the year ended March 31, 2020 and 2019, respectively, towards CSR expenditure for purposes other than construction / acquisition of any asset.

14. FINANCE COSTS

Finance costs consist of the following:

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest on lease liabilities	318	-
Interest expenses on delayed payment of statutory dues	91	7
	409	7

15. 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 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.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

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.

Notes forming part of the Financial Statements

During the year the Company has opted for the lower Corporate Tax Rate as per the Taxation Laws (Amendment) Bill, 2019. Accordingly domestic tax rate of 22% i.e. effective tax rate of 25.17% (including of surcharge and cess) is applicable from April 1, 2019 onwards without claiming tax incentives available for Special Economic Zone.

The related impact on MAT and deferred tax has also been remeasured at new tax of 25.17% subsequent to election of lower Corporate Tax Rate as per the Taxation Laws (Amendment) Bill, 2019.

The Income-tax expense consist of the following:

(₹ in lakhs)

Current tax expense

Current tax expense for current year

Current tax (benefit)/expense pertaining to prior years

Deferred tax expense

Deferred tax (benefit)/expense for current year

Deferred tax (benefit)/expense pertaining to prior years

Year ended March 31, 2020	Year ended March 31, 2019
-	-
(52)	-
(52)	-
(1,195)	(3,285)
(13)	-
(1,208)	(3,285)
(1,260)	(3,285)

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

(₹ in lakhs)

Loss before income taxes

India statutory Income tax rate

Expected Income tax expense

Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:

Tax pertaining to prior years

Permanent disallowance

MAT credit Witten Off

Change in Tax rate

Others

Year ended March 31, 2020	Year ended March 31, 2019
(13,765)	(9,111)
25.17%	34.94%
(3,465)	(3,184)
(65)	(62)
5	34
1,257	-
963	-
45	(73)
(1,260)	(3,285)

Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2020 consist of following:
(₹ in lakhs)

Deferred tax assets (net)	Opening balance	Recognised/ reversed through P&L	Recognised in/ reclassified from comprehensive income	Closing balance
Property, plant and equipment and intangible assets	(19)	(105)	-	(124)
Provision for Employee Benefits	950	(97)	102	955
MAT credit entitlement	1,256	(1,256)	-	-
Lease liabilities*	177	(25)	-	152
Operating loss carry forward	2,277	2,724	-	5,001
Unrealised gain on securities carried at fair value through profit and loss	19	(16)	-	3
Others	37	(17)	-	20
	4,697	1,208	102	6,007

*Opening balance of deferred tax on lease liabilities has been restated by ₹ 132 lakhs to give impact of transition to Ind AS 116 (Refer note 7).

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

As at March 31, 2020

Deferred tax assets / (liabilities) in relation to

Property, plant and equipment and intangible assets	-	124	(124)
Provision for Employee Benefits	955	-	955
MAT credit entitlement	-	-	-
Lease liabilities	152	-	152
Operating loss carry forward	5,001	-	5,001
Unrealised gain on securities carried at fair value through profit and loss	3	-	3
Others	20	-	20
Total deferred tax assets / (liabilities)	6,131	124	6,007

Assets	Liabilities	Net
-	124	(124)
955	-	955
-	-	-
152	-	152
5,001	-	5,001
3	-	3
20	-	20
6,131	124	6,007

Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 consist of following:-

Deferred tax assets (net)	Opening balance	Recognised/ reversed through P&L	Recognised in/ reclassified from comprehensive income	Closing balance
Property, plant and equipment and intangible assets	(55)	36	-	(19)
Employee benefits obligations	115	827	8	950
MAT credit entitlement	1,194	62	-	1,256
Operating lease liabilities	40	4	-	44
Operating loss carry forward	-	2,277	-	2,277
Unrealised gain on securities carried at fair value through profit and loss	(29)	48	-	19
Others	6	31	-	37
	<u>1,271</u>	<u>3,285</u>	<u>8</u>	<u>4,564</u>

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

As at March 31, 2019

Deferred tax assets / (liabilities) in relation to

Property, plant and equipment and intangible assets	-	19	(19)
Provision for Employee Benefits	950	-	950
MAT credit entitlement	1,256	-	1,256
Lease liabilities	44	-	44
Operating loss carry forward	2,277	-	2,277
Unrealised gain on securities carried at fair value through profit and loss	19	-	19
Others	37	-	37

Total deferred tax assets / (liabilities)

Assets	Liabilities	Net
-	19	(19)
950	-	950
1,256	-	1,256
44	-	44
2,277	-	2,277
19	-	19
37	-	37
<u>4,583</u>	<u>19</u>	<u>4,564</u>

Contingent liabilities on direct tax matters

During the fiscal year 2012-13, the Company received an order from Income tax authorities rejecting the Company's computation of arm's length price and enhancing the income of the Company. As of March 31, 2020, the Company has demand from income tax authorities amounting to ₹ 444 lakhs for AY 2009-10 which are being appealed on technical merits. While the management believes based on the transfer pricing studies and third party specialist's advice, it is more likely than not that the Company will be able to sustain its tax position, the ultimate disposition of the appeal against the Company should not have a material adverse effect on its financial position, operating results and cash flows. The company has made a provision of ₹ 222 lakhs against the demand.

Company has also received penalty order of ₹ 8 lakhs for AY 2011-12 in respect of Transfer price adjustment which is being appealed on technical merits.

Notes forming part of the Financial Statements

16. 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.

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
(Loss)/profit for the year (₹ lakhs)	(12,505)	(5,826)
Amount available for shareholder (₹ lakhs)	(12,505)	(5,826)
Weighted average number of shares	1,000,000	1,000,000
Earning per share basic and diluted (₹)	(1,250)	(583)
Face value per equity share (₹)	100	100

17. Auditor's Remuneration

	(₹ in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
For services as statutory auditor	4	4
For tax matters	2	2
For reimbursement of out-of-pocket expense **	1	-
	7	6

** Represents value less than ₹ 0.5 lakhs for the year ended March 31, 2019

18. 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, 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) Retail and Consumer Business and 3) Others e.g.- Manufacturing, Telecom, Media and entertainment, Hi-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.

The assets and liabilities of the Company are used interchangeably amongst segments. Allocation of such assets and liabilities is not practicable and any forced allocation would not result in any meaningful segregation. Hence assets and liabilities have not been identified to any of the reportable segments

Notes forming part of the Financial Statements

Summarised segment information for the year ended March 31, 2020 is as follows:

Year ended March 31, 2020

(₹ in lakhs)

Particulars	Business segments			
	Banking, Financial Services and Insurance	Retail and Consumer Business	Others	Total
Revenue	115,257	3	7,799	123,059
Segment result	(13,762)	(61)	466	(13,358)
Total Unallocable expenses				1,591
Operating losses				(14,949)
Other income (net)				1,184
Loss before taxes				(13,765)
Tax expense				(1,260)
Loss for the year				(12,505)
Depreciation and amortisation expense				(1,591)

Summarised segment information for the year ended March 31, 2019 is as follows:

Year ended March 31, 2019

(₹ in lakhs)

Particulars	Business segments			
	Banking, Financial Services and Insurance	Retail and Consumer Business	Others	Total
Revenue	114,552	87	5,054	119,693
Segment result	(8,074)	65	(1,661)	(9,670)
Total Unallocable expenses				232
Operating losses				(9,902)
Other income (net)				791
Loss before taxes				(9,111)
Tax expense				(3,285)
Loss for the year				(5,826)

Geographical non-current assets (property, plant and equipment, goodwill, intangible assets, advance income tax and other non-current assets) are allocated based on the location of the assets.

(₹ in lakhs)

Geography

India

Total

Year ended March 31, 2020	Year ended March 31, 2019
17,365	9,749
17,365	9,749

Notes forming part of the Financial Statements

Geographical non-current assets (property, plant and equipment, goodwill, intangible assets, advance income tax and other non-current assets) are allocated based on the location of the assets.

(₹ in lakhs)

Geography

	Year ended March 31, 2020	Year ended March 31, 2019
Americas	1 17,961	87,831
Others	5,098	31,862
Total	123,059	119,693

Information about major customers

Customers contributing 10% or more of Company's total revenue are as follows:

(₹ in lakhs)

	Year ended March 31, 2020	Percentage	Year ended March 31, 2019	Percentage
Customer A	94,150	77%	17,364	77%
Customer B	5,933	5%	3,245	14%

19. Commitments and Contingencies

Capital commitments

The Company has contractually committed (net of advances) ₹ 441 lakhs and ₹ 273 lakhs as at March 31, 2020 and March 31, 2019, respectively, for purchase of property, plant and equipment.

Contingencies

• Direct tax matters

Refer note 15.

20. The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act and amend the definition of wages on which the organisation and its employees are to contribute towards Provident Fund. The Company believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. Additionally, there is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon. Supreme Court vide its ruling in February 2019, in relation to the scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. The Company will evaluate its position and act, as clarity emerges.

21. 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) Ultimate holding company

Name of the Enterprise

Tata Sons Private Limited (Previous Year: Tata Sons Limited)

(b) Holding Company

Name of the Enterprise

Tata Consultancy Services Limited (TCS)

(c) Subsidiary

Name of the Enterprise

TCS e-Serve America, Inc.

TCS e-Serve International Ltd Employee Welfare Benefit Trust

Notes forming part of the Financial Statements

(d) Subsidiaries of ultimate holding company with whom company has transaction

Name of the Enterprise

Tata Asset Management Limited.

(e) Fellow Subsidiaries with whom the Company has transactions

Name of the Enterprise

Tata America International Corporation

TCS Foundation

(f) Key managerial personnel -

Name of the Enterprise

Mr. Ramakrishna Mohan Veeturi (CEO and Managing Director)

Mr. Krishnaswamy M Gopikumar (Chief Financial Officer, Director and Company Secretary)

The key management personnel of the Company are on deputation from and draw remuneration from TCS. Service charges are payable by the Company to TCS.

Transactions with related parties are as follows:

Customers contributing 10% or more of Company's total revenue are as follows:

(₹ in lakhs)

Nature of transactions	Name of Related Party	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	Tata Consultancy Services Limited	32,040	39,862
	Subsidiaries of Tata Consultancy Services Limited	392	5 84
	Tata America International Corporation	1	203
	TCS Switzerland Ltd.	391	3 81
Purchases of goods and services (including reimbursements)	Tata Sons Private Limited, its subsidiaries and associates	48	-
	Titan Company Limited	48	-
	Tata Consultancy Services Limited	8,963	9,491
	Subsidiary of Tata Consultancy Services Limited	297	4 80
	Tata America International Corporation	16	257
	Subsidiary of the Company		
	TCS e-Serve America Inc.	281	223
Facility expenses	Tata Consultancy Services Limited	1,888	2,331
	Subsidiary of Tata Consultancy Services Limited	209	1
	Tata America International Corporation	1	1
	Subsidiary of the Company		
	TCS e-Serve America Inc.	208	-

Notes forming part of the Financial Statements

Finance costs	Tata Consultancy Services Limited	293	-
	TCS e-Serve America Inc.	10	-
Contribution for Corporate Social Responsibility	Subsidiary of Tata Consultancy Services Limited	20	94
	TCS Foundation	20	94
Loans and advances given	Tata Consultancy Services Limited	30	-
Purchase of property, plant and equipment	Tata Consultancy Services Limited	8	-
Sale of property, plant and equipment	Tata Consultancy Services Limited	3	-

(₹ in lakhs)

Balances receivable with related parties	Name of Related Party	Year ended March 31, 2020	Year ended March 31, 2019
Trade receivables and unbilled receivables and contract assets	Tata Consultancy Services Limited	6,122	17,674
	Subsidiaries of Tata Consultancy Services Limited	157	712
	Tata America International Corporation	1	428
	TCS Switzerland Ltd.	156	224
	Subsidiary of the Company		
	TCS e-Serve America Inc.	-	60
Loans, other financial assets and other assets	Tata Consultancy Services Limited	231	202
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	Tata Sons Private Limited, its subsidiaries and associates	48	-
	Titan Company Limited	48	-
	Tata Consultancy Services Limited	8,464	9,974
	Subsidiary of Tata Consultancy Services Limited	350	33
	Tata America International Corporation	20	5
	Subsidiary of the Company		
	TCS e-Serve America Inc.	330	28
Lease liability	Tata Consultancy Services Limited	3,163	-
	TCS e-Serve America Inc.	62	-

Notes forming part of the Financial Statements

Compensation to key managerial personnel

(₹ in lakhs)

Short term benefits

Year ended March 31, 2019	Year ended March 31, 2018
35	39
35	39

22. The sitting fees and commission paid to non-executive directors is ₹ Nil lakhs and ₹ 12 lakhs as at March 31, 2020 and 2019, respectively.

23. Subsequent events:

There were no subsequent events as on the date on which the financials were available for issue.

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. Subsequent to March 31, 2020, the Board of Directors of the Company have not proposed any dividend.

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 number : 103145

Mumbai, May 14, 2020

For and on behalf of the Board

Dinanath Kholkar

Chairman

Ramakrishna Mohan Veeturi

CEO and Managing Director

Krishnaswamy M Gopikumar

CFO, Director and Company Secretary

TCS Foundation

ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the year ended
March 31, 2020**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TCS FOUNDATION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TCS Foundation ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of income and expenditure, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its excess of income over expenditure, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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

Management's responsibilities for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, 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) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. 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 of India in terms of Section 143(11) of the Act, since 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.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The 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 financial statements comply with the Ind AS specified under section 133 of the Act;
- (e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

- (i) The Company 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 during the year ended 31 March 2020; and
- (iv) The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) According to the information and explanations given to us, no remuneration has been paid by the Company to any of its directors. Accordingly, provisions of Section 197 of the Act relating to remuneration to directors are not applicable.

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

Rajesh Mehra

Partner

Membership No: 103145

UDIN No. XXXXXXXXXX

Mumbai, April 29, 2020

Annexure – A to the Independent Auditor’s Report – 31 March 2020

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

Opinion

We have audited the internal financial controls with reference to financial statements of TCS Foundation (“the Company”) as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

Management’s Responsibility for Internal Financial Controls

The Company’s management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013 (hereinafter referred to as “the Act”).

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Rajesh Mehra

Partner

Membership No: 103145

UDIN No. XXXXXXXXX

Mumbai, April 29, 2020

Balance Sheet

(₹ crore)

	Note	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	0.03	0.03
(b) Capital work-in-progress		-	0.01
(c) Right-of-use assets		0.26	-
(d) Financial assets			
(i) Other financial assets	5(i)	-	0.02
(e) Income tax assets	19	9.87	5.17
Total non-current assets		10.16	5.23
Current assets			
(a) Financial assets			
(i) Investments	6	53.40	80.19
(ii) Cash and cash equivalents	7	2.50	0.58
(iii) Loans receivables	4	894.89	593.60
(iv) Other financial assets	5(ii)	37.73	39.09
(b) Other assets	8	0.07	0.55
Total current assets		988.59	714.01
TOTAL ASSETS		998.75	719.24
II. EQUITY AND LIABILITIES			
Equity			
(a) Share capital	9	1.00	1.00
(b) Other equity	11	993.93	711.97
Total equity		994.93	712.97
Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities		0.34	-
(ii) Trade payables			
(1) Dues of micro enterprises and small enterprises	24	-	-
(2) Dues of creditors other than micro enterprises and small enterprises		2.33	5.24
(iii) Other financial liabilities	12	-	-*
(b) Other liabilities	13	1.15	1.03
Total current liabilities		3.82	6.27
TOTAL EQUITY AND LIABILITIES		998.75	719.24

* represents amount below ₹ 1 lakh

III. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-24

As per our report of April 29, 2020 attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Rajesh Mehra

Partner

Membership No: 103145

Mumbai, April 29, 2020

For and on behalf of the Board

N. Chandrasekaran

Chairman

NG Subramaniam

Director

Mumbai, April 29, 2020

Ajoyendra Mukherjee

Director

Roopa Purushothaman

Director

Statement of Income and Expenditure

(₹ crore)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
I. Income	14	552.70	93.65
II. Other income (net)	15	56.45	50.70
III. TOTAL INCOME		609.15	144.35
IV. Expenditure:			
(a) Grants	16	287.29	34.63
(b) Project expenses	16	39.13	33.62
(c) Depreciation expense		0.36	0.01
(d) Other operating expenses	17	0.19	0.16
(e) Finance costs	18	0.05	-
TOTAL EXPENDITURE		327.02	68.42
V. EXCESS OF INCOME OVER EXPENDITURE FOR THE YEAR (III-IV)		282.13	75.93
VI. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-24			

As per our report of April 29, 2020 attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Rajesh Mehra

Partner

Membership No: 103145

Mumbai, April 29, 2020

For and on behalf of the Board

N Chandrasekaran

Chairman

NG Subramaniam

Director

Mumbai, April 29, 2020

Ajoyendra Mukherjee

Director

Roopa Purushothaman

Director

Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(₹ crore)

Balance as at April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
1.00	-	1.00

(₹ crore)

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
1.00	-	1.00

B. OTHER EQUITY

(₹ crore)

Balance as at April 1, 2018

Excess of income over expenditure

Balance as at March 31, 2019

Balance as at April 1, 2019

Transition impact of Ind AS 116

Restated balance as at April 1, 2019

Excess of income over expenditure

Balance as at March 31, 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1- 24

Retained earnings	Total Other Equity
636.04	636.04
75.93	75.93
711.97	711.97
711.97	711.97
(0.17)	(0.17)
711.80	711.80
282.13	282.13
993.93	993.93

As per our report of April 29, 2020 attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Rajesh Mehra

Partner

Membership No: 103145

Mumbai, April 29, 2020

For and on behalf of the Board

N Chandrasekaran

Chairman

NG Subramaniam

Director

Mumbai, April 29, 2020

Ajoyendra Mukherjee

Director

Roopa Purushothaman

Director

Statement of Cash Flows

(₹ crore)

Note

I. CASH FLOWS FROM OPERATING ACTIVITIES

Excess of income over expenditure for the year

Adjustments for:

Net gain on Investments

Depreciation expense

Interest Income

Finance costs

Operating income over expenditure before working capital changes

Net change in

Other assets

Other financial assets

Trade payables

Other liabilities

Cash generated from operations

Taxes paid (net of refunds)

Net cash provided by operating activities

II. CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments carried at fair value through profit and loss

Proceeds from disposal / redemption of investments carried at fair value through profit and loss

Payment for purchase of property, plant and equipment

Inter-corporate deposits placed

Proceeds from inter-corporate deposits

Interest received

Net cash used in investing activities

III. CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of lease liabilities

Interest paid

Net cash used in financing activities

Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

7

IV. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-24

As per our report of April 29, 2020 attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Rajesh Mehra

Partner

Membership No: 103145

Mumbai, April 29, 2020

For and on behalf of the Board

N. Chandrasekaran

Chairman

NG Subramaniam

Director

Mumbai, April 29, 2020

Ajoyendra Mukherjee

Director

Roopa Purushothaman

Director

Year ended March 31, 2020	Year ended March 31, 2019
282.13	75.93
(5.51)	(2.71)
0.36	0.01
(50.94)	(47.99)
0.05	-
226.09	25.24
0.48	(0.55)
0.02	(0.02)
(2.91)	3.95
0.13	(0.24)
223.81	28.38
(4.70)	(4.88)
219.11	23.50
(445.00)	(277.49)
477.30	229.50
(0.02)	(0.01)
(894.89)	(193.60)
593.60	206.00
52.30	12.60
(216.71)	(23.00)
(0.43)	-
(0.05)	-
(0.48)	-
1.92	0.50
0.58	0.08
2.50	0.58

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 health 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 Private 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.

Impact of COVID-19

COVID-19, a global pandemic, is expected to have severe impact on economic environment in general and entities operating in different industries are expected to be impacted immediately or in short to long term depending on the nature of resources that these entities consume and how the resources are deployed in servicing the customer base of these entities.

The Company derives its income for funding the projects it has undertaken mainly from its Parent company TCS. With its Parent Company's financial strength and strong presence in Information Technology (IT) Industry globally, the Company does not foresee any resource constraints in executing the projects that have been committed. However, due to nature of pandemic, the projects undertaken by the Company could face significant slowdown in execution in the short term to medium term.

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on April 29, 2020.

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.

b) Basis of preparation

These financial statements have been prepared in Indian rupee (₹) which is the functional currency of the Company.

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The cash flow statement has been prepared using the indirect method as per Ind AS 7.

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 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.

The Company uses the following critical accounting estimates in preparation of its financial statements:

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.

Notes forming part of the Financial Statements

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.

Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

d) Income

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, 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.

Notes forming part of the Financial Statements

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
Computer equipment	Straight line	4 years

3) Property, Plant and Equipment

Property, plant and equipment consist of the following:

(₹ crore)

Cost as at April 1, 2019

Additions

Cost as at March 31, 2020

Accumulated depreciation as at April 1, 2019

Depreciation for the year

Accumulated depreciation as at March 31, 2020

Net carrying amount as at March 31, 2020

Computer equipment	Office equipment	Total
0.01	0.04	0.05
-	0.01	0.01
0.01	0.05	0.06
-	0.02	0.02
-*	0.01	0.01
-	0.03	0.03
0.01	0.02	0.03

* represents amount below ₹ 1 lakh

(₹ crore)

Cost as at April 1, 2018

Additions

Cost as at March 31, 2019

Accumulated depreciation as at April 1, 2018

Depreciation for the year

Accumulated depreciation as at March 31, 2019

Net carrying amount as at March 31, 2019

Computer equipment	Office equipment	Total
-	0.04	0.04
0.01	-	0.01
0.01	0.04	0.05
-	0.01	0.01
-*	0.01	0.01
-	0.02	0.02
0.01	0.02	0.03

* represents amount below ₹ 1 lakh

4) Loans Receivables

Loans (unsecured) consist of the following:

Loans receivables - Current

(₹ crore)

Considered good

Inter-corporate deposits

As at March 31, 2020	As at March 31, 2019
894.89	593.60
894.89	593.60

Inter-corporate deposits placed with financial institutions yield fixed interest rate.

Notes forming part of the Financial Statements

5) Other Financial Assets

Other financial assets consist of the following:

(i) Non-current financial assets

(₹ crore)

Security deposits

As at March 31, 2020	As at March 31, 2019
-	0.02
-	0.02

(ii) Current financial assets

(₹ crore)

Interest receivable

As at March 31, 2020	As at March 31, 2019
37.73	39.09
37.73	39.09

6) Investments

Investments consist of the following:

Investments - Current

(₹ crore)

Investment carried at fair value through profit and loss

Mutual funds (quoted)

As at March 31, 2020	As at March 31, 2019
53.40	80.19
53.40	80.19

7) Cash and cash equivalents

Cash and cash equivalents consist of the following:

(₹ crore)

Balances with banks

(a) In savings accounts

(b) In current accounts

As at March 31, 2020	As at March 31, 2019
2.44	0.48
0.06	0.10
2.50	0.58

Notes forming part of the Financial Statements

8) OTHER ASSETS

Other assets consist of the following:

Other current assets

(₹ crore)

Considered good

- (a) Prepaid expenses
- (b) Advance to suppliers
- (c) Tax Deducted at Source recoverable

As at March 31, 2020	As at March 31, 2019
0.04	- *
0.03	0.26
-	0.29
0.07	0.55

* represents amount below ₹ 1 lakh

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:

(₹ crore)

Authorised

40,00,000 equity shares of ₹ 10 each

(March 31, 2019: 40,00,000 equity shares of ₹ 10 each)

As at March 31, 2020	As at March 31, 2019
4.00	4.00
4.00	4.00
1.00	1.00
1.00	1.00

Issued, Subscribed and Fully paid-up

10,00,000 equity shares of ₹ 10 each

(March 31, 2019: 10,00,000 equity shares of ₹ 10 each)

a) Reconciliation of number of shares

Equity shares

Opening balance

Issued during the year

Closing balance

As at March 31, 2020		As at March 31, 2019	
Number of shares	Amount (₹ crore)	Number of shares	Amount (₹ crore)
10,00,000	1.00	10,00,000	1.00
-	-	-	-
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.

Notes forming part of the Financial Statements

c) Details of shares held by holding company and shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2020	As at March 31, 2019
Equity shares		
Tata Consultancy Services Limited*	10,00,000 100.00%	10,00,000 100.00%

* includes 6 equity shares held by individuals of which beneficial ownership is held with TCS.

10) LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition,

Notes forming part of the Financial Statements

measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 0.62 crore and a corresponding lease liability of ₹ 0.79 crore has been recognized. The cumulative effect on transition in retained earnings net of taxes is a charge of ₹ 0.17 crore. The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 8.06% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The details of the right-of-use asset held by the Company is as follows:

(₹ crore)

	Additional for the year ended March 31, 2020	Net carrying amount as at March 31, 2020
Leasehold buildings	-	0.26
Total	-	0.26

Depreciation on right-of-use assets is as follows

(₹ crore)

	Year ended March 31, 2020
Depreciation	
Leasehold buildings	0.35
	0.35

Interest on lease liabilities is ₹ 0.05 crore for the year ended March 31, 2020.

Notes forming part of the Financial Statements

The Company incurred ₹ 0.21 crore for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 0.69 crores for the year ended March 31, 2020, including cash outflow for short term and low value leases.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

Impact of COVID-19

The Company does not anticipate any large-scale contraction in projects it has undertaken which could result in the physical infrastructure redundant. The lease the Company has entered with lessors towards property for its office use expires on December 31, 2020. Company is evaluating the renewal option and does not foresee any significant changes in terms of this leases is due to the COVID-19.

11) Other equity

Other equity consists of the following:

Retained earnings

- (i) Opening balance
- (ii) Excess of income over expenditure
- (iii) Transition impact of Ind AS 116

	(₹ crore)
As at March 31, 2020	As at March 31, 2019
711.97	636.04
282.13	75.93
(0.17)	-
993.93	711.97

12) Other financial liabilities

Other financial liabilities consists of the following:

Capital creditors

	(₹ crore)
As at March 31, 2020	As at March 31, 2019
-	-*
-	-

* represents amount below ₹ 1 lakh

13) Other liabilities

Other liabilities consist of the following:

- (a) Statutory liabilities
- (b) Unutilised amounts from earmarked fund received (Refer note below)
 - Opening balance
 - Less: Transferred from Earmarked fund

	(₹ crore)
As at March 31, 2020	As at March 31, 2019
0.13	0.01
1.02	1.26
-	(0.24)
1.02	1.02
1.15	1.03

Note:

The amount unutilised from Earmarked funds represent amounts received from donors for specific projects undertaken by the Company which have remained unutilised as at the Balance Sheet date.

Notes forming part of the Financial Statements

14) Income

(₹ crore)

- (a) Donations
(b) Transfer from earmarked fund

Year ended March 31, 2020	Year ended March 31, 2019
552.70	93.41
-	0.24
552.70	93.65

15) Other income (net)

Other income (net) consist of the following:

(₹ crore)

- (a) Interest income
(b) Net gain on investments carried at fair value through profit and loss

Interest income comprises :

- Interest on savings bank / bank deposits
Interest on inter-corporate deposits
Interest on tax refunds

Year ended March 31, 2020	Year ended March 31, 2019
50.94	47.99
5.51	2.71
56.45	50.70
0.05	0.01
50.81	47.98
0.08	-
50.94	47.99

- 16) 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.

17) Other operating expenses

Other operating expense consist of the following:

(₹ crore)

- (a) Sub-contracting costs (Refer note 1 below)
(b) Payment to auditors (Refer note 2 below)
(c) Travel expenses
(d) Other expenses

Note 1: Cost of personnel on deputation from TCS.

Note 2:

- As auditors - statutory audit (inclusive of GST)
Audit fees
Out-of-pocket expenses

Year ended March 31, 2020	Year ended March 31, 2019
0.12	0.11
0.04	0.04
0.02	-
0.01	0.01
0.19	0.16
0.04	0.04
-*	-

* represents amount below ₹ 1 lakh

Notes forming part of the Financial Statements

18) Finance costs

Finance costs consist of the following:

(₹ crore)

Interest on lease liabilities

Year ended March 31, 2020	Year ended March 31, 2019
0.05	-
0.05	-

19) 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.

20) 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, 2020 is as follows:

(₹ crore)

Financial Assets:

Cash and cash equivalents

Investments

Loans receivables*

Other financial assets

Total

Financial Liabilities:

Trade payables

Lease liabilities

Total

Fair value through profit and loss	Amortised cost	Total carrying value
-	2.50	2.50
53.40	-	53.40
-	894.89	894.89
-	37.73	37.73
53.40	935.12	988.52
-	2.33	3.33
-	0.34	0.34
-	2.67	2.67

* Loans receivables include inter-corporate deposits, with original maturity period within 12 months.

Notes forming part of the Financial Statements

The carrying value of financial instruments by categories as of March 31, 2019 is as follows:

(₹ crore)

	Fair value through profit and loss	Amortised cost	Total carrying value
Financial Assets:			
Cash and cash equivalents	-	0.58	0.58
Investments	80.19	-	80.19
Loans receivables**	-	593.60	593.60
Other financial assets	-	39.09	39.09
Total	80.19	633.27	713.46
Financial Liabilities:			
Trade payables	-	5.24	5.24
Other financial liabilities	-	_*	_*
Total	-	5.24	5.24

* represents amount below ₹ 1 lakh

** Loans receivables include inter-corporate deposits, with original maturity period within 12 months.

Carrying amounts of cash and cash equivalents, loans receivables and trade payables as at March 31, 2020 and March 31, 2019 approximate the fair value. Fair value measurement of lease liabilities is not required.

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:

(₹ crore)

As of March 31, 2020:	Level 1	Level 2	Level 3	Total
Financial assets:				
Mutual funds	53.40	-	-	53.40
Total	53.40	-	-	53.40

(₹ crore)

As of March 31, 2019:	Level 1	Level 2	Level 3	Total
Financial assets:				
Mutual funds	80.19	-	-	80.19
Total	80.19	-	-	80.19

There are no financial liabilities 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 primarily to market risk, interest rate risk, credit risk and 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 values of financial instruments may result from changes in the interest rates, liquidity and other market changes.

ii. 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.

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.

Financial instruments that are subject to concentrations of credit risk principally consist of loans receivables, investments, cash and cash equivalents and other financial assets. Inter-corporate deposits of ₹ 894.89 crore 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.

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 generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

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

(₹ crore)

March 31, 2020

Financial liabilities:

Trade payables

Lease liabilities

Total

	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
Trade payables	2.33	-	-	-	2.33
Lease liabilities	0.43	-	-	-	0.43
Total	2.76	-	-	-	2.76

(₹ crore)

March 31, 2019

Financial liabilities:

Trade payables

Other financial liabilities

Total

	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
Trade payables	5.24	-	-	-	5.24
Other financial liabilities	-*	-	-	-	-*
Total	5.24	-	-	-	5.24

* represents amount below ₹1 lakh

v. Currency risk

The Company is not exposed to significant currency risk as the revenue and expenditure are primarily denominated in Indian Rupees.

Notes forming part of the Financial Statements

vi. Other risk – Impact of COVID-19

Financial instruments carried at fair value as at March 31, 2020 is ₹ 53.40 crore and financial instruments carried at amortised cost as at March 31, 2020 is ₹ 935.12 crore. All financial assets carried at fair value classified as Level 1 having fair value of ₹ 53.40 crore as at March 31, 2020. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19.

Financial assets of ₹ 2.50 crore as at March 31, 2020 carried at amortised cost is in the form of cash and cash equivalents with banks where the Company has assessed the counterparty credit risk.

21) 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.

22) Commitments and Contingencies

Capital commitments

There are no contracts remaining to be executed on capital account and not provided for (net of advances) as at March 31, 2020 (Nil as at March 31, 2019).

Contingencies

There are no contingent liabilities as at March 31, 2020 (Nil as at March 31, 2019).

21) 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 Private 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 Communications Limited

IV) Associates / Joint ventures of Tata Sons Private Limited and their subsidiaries

TATA Class Edge (A Division of TATA Industries Ltd)

Voltas Limited

Transactions with related parties are as follows:

(₹ crore)

Year ended March 31, 2020			
Holding Company	Fellow subsidiaries	Associates / joint ventures of Tata Sons Private Limited and their subsidiaries	Total
Donations	552.50	0.20	552.70
Purchase of services and facilities (including sub-contracting cost)	0.92	(0.01)	0.98

Notes forming part of the Financial Statements

(₹ crore)

	Year ended March 31, 2019			
	Holding Company	Fellow subsidiaries	Associates / joint ventures of Tata Sons Private Limited and their subsidiaries	Total
Donations	92.00	1.40	-	93.40
Purchase of services and facilities (including sub-contracting cost)	0.98	0.01	0.21	1.20
Loans and advances given	-	-	0.01	0.01

Balances payable to related parties are as follows:

(₹ crore)

	Year ended March 31, 2020			
	Holding Company	Fellow subsidiaries	Associates / joint ventures of Tata Sons Private Limited and their subsidiaries	Total
Trade payables	0.44	-	-	0.44

(₹ crore)

	Year ended March 31, 2019			
	Holding Company	Fellow subsidiaries	Associates / joint ventures of Tata Sons Private Limited and their subsidiaries	Total
Trade payables	0.40	-	-	0.40

24) Micro and small enterprises

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by 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.

As per our report of April 29, 2020 attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Rajesh Mehra

Partner

Membership No: 103145

Mumbai, April 29, 2020

For and on behalf of the Board

N Chandrasekaran

Chairman

Ajoyendra Mukherjee

Director

NG Subramaniam

Director

Roopa Purushothaman

Director

Mumbai, April 29, 2020

TATA CONSULTANCY SERVICES (AFRICA) PROPRIETARY LIMITED

(Registration Number: 2007/030546/07)

ANNUAL FINANCIAL STATEMENTS

**For the year ended
March 31, 2020**

**Audited in compliance with section 30
of the Companies Act of South Africa.**

Prepared under the supervision of Satyen Deo

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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Statement of profit or loss and other comprehensive income	7.7
Statement of changes in equity	7.8
Statement of cash flows	7.9
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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 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 25, 2020 and are signed on their behalf by:

Lakshminarayanan Gomatam Seshadri

Authorised Director

Henry Langa Dube

Authorised Director

Ujjwal Mathur

Authorised Director

Adil Tantra

Authorised Director

DIRECTORS' REPORT

The directors have pleasure in presenting their report on the activities of the Company for the year ended March 31, 2020.

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 ZAR 67,449,284 for 2020 (2019: ZAR 67,465,461).

Dividends

A dividend of ZAR 67,480,000 was paid during the year ended March 31, 2020 (2019: ZAR 67,480,000)

Shareholder

The current shareholder of Tata Consultancy Services (Africa) Proprietary Limited is:

	As at March 31, 2020	As at March 31, 2019
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:

Henry Langa Dube [Appointed on July 22, 2019]

Lakshminarayanan Gomatam Seshadri* [Appointed on July 22, 2019]

Ujjwal Mathur* [Appointed on July 22, 2019]

Adil Noshir Tantra* [Appointed on July 22, 2019]

Vishwanathan Iyer* [Resigned on July 25, 2019]

Ajoyendra Mukherjee* [Resigned on July 25, 2019]

*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 separate financial statements of Tata Consultancy Services (Africa) Proprietary Limited (the company) set out on pages 7.6 to 7.20, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Tata Consultancy Services (Africa) Proprietary Limited as at 31 March 2020, and its separate financial performance and separate 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 separate financial statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Tata Consultancy Services (Africa) Proprietary Limited Annual Financial Statements for the year ended 31 March 2020", which includes 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 separate financial statements and our auditor's report thereon.

Our opinion on the separate 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 separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate 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 separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 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 separate 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 separate 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 separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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
May 25, 2020

Statement of Financial Position

(Amount in : ZAR)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	6 (a)	478,714	510,302
Other financial assets	6 (d)	1,822	-
Income tax assets (net)		-	231
Total current assets		480,536	510,533
Non-current assets			
Investments	6 (b)	106,700,000	106,700,000
Total non-current assets		106,700,000	106,700,000
TOTAL ASSETS		107,180,536	107,210,533
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables	6 (c)	99,075	98,804
Income tax liabilities (net)		448	-
Total current liabilities		99,523	98,804
Total liabilities		99,523	98,804
Equity			
Share capital	6 (h)	14,000,000	14,000,000
Retained earnings		93,081,013	93,111,729
Total equity		107,081,013	107,111,729
TOTAL LIABILITIES AND EQUITY		107,180,536	107,210,533

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

Statement of Profit or Loss and Other Comprehensive Income

(Amount in : ZAR)

	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend received		67,500,004	67,500,004
Operating expenses			
Other operating expenses	8	96,351	92,836
Total operating expenses		96,351	92,836
Operating profit		67,403,653	67,407,168
Other income / (expense)			
Interest income	9	63,535	80,919
Profit before taxes		67,467,188	67,488,087
Income tax expense	10	17,904	22,626
Profit for the year		67,449,284	67,465,461
Total comprehensive income, net of taxes		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		67,449,284	67,465,461

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

Statement of changes in Equity

(Amount in : ZAR)

Balance as at April 1, 2018

Total comprehensive income for the year

Dividend

Balance as at March 31, 2019

Total comprehensive income for the year

Dividend

Balance as at March 31, 2020

Share capital	Retained earnings	Total equity
14,000,000	93,126,268	107,126,268
-	67,465,461	67,465,461
-	(67,480,000)	(67,480,000)
14,000,000	93,111,729	107,111,729
-	67,449,284	67,449,284
-	(67,480,000)	(67,480,000)
14,000,000	93,081,013	107,081,013

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

Statement of Cash Flows

(Amount in : ZAR)

	Note	For Year ended March 31, 2020	For Year ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		67,449,284	67,465,461
Adjustment for			
Income tax expense	10	17,904	22,626
Operating profit before working capital changes		67,467,188	67,488,087
Other financial assets		(1,822)	695
Trade and other payables		271	892
Cash generated from operating activities		67,465,637	67,489,674
Taxes paid		(17,225)	(22,870)
Net cash generated from operating activities		67,448,412	67,466,804
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(67,480,000)	(67,480,000)
Net cash used in financing activities		(67,480,000)	(67,480,000)
Net change in cash and cash equivalents		(31,588)	(13,196)
Cash and cash equivalents, beginning of the year	6(a)	510,302	523,498
Cash and cash equivalents, end of the year		478,714	510,302

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

Notes forming part of the Financial Statements

1. CORPORATE INFORMATION

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 25, 2020

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and Companies Act of South Africa. The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented except for IFRS 16 Leases which have been applied for the first time (Note: 7).

3. 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.

The statement of cash flows have been prepared under indirect method.

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.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of these financial statements is in conformity with the recognition and measurement principles of IFRS which 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:

a. Revenue recognition

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

b. 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 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.

Notes forming part of the Financial Statements

5. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS Standards	References to Conceptual Framework ¹
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate Benchmark Reform ¹
Amendments to IAS 1	Classification of Liabilities

¹Effective for annual periods beginning on or after January 1, 2020.

²Effective for annual periods beginning on or after January 1, 2022.

IFRS Standards – References to Conceptual Framework

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Amendments primarily either update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised Framework, with effect from January 1, 2020. The Company does not expect that the amendment to have any impact on its financial statements.

IAS 1 and IAS 8 – Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

- Obscuring: The existing definition only focused on omitting or misstating information, however, IASB concluded that obscuring material information with information that can be omitted can have a similar effect.
- Could reasonably be expected to influence: The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- Primary users: The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Company does not expect that the amendment to have any impact on its evaluation of 'material' in relation to its financial statements.

IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

In September 2019, IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). The IASB felt that some hedge accounting requirements in IFRS 9 may be affected by uncertainties arising from the impact of the ongoing reform of some major interest rate benchmarks whereby efforts are being made to replace existing benchmarks with alternative, nearly risk free rates. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors. Therefore, IASB has amended specific hedge accounting requirements to provide exceptions during this period of uncertainty. The amendment primarily states that when determining whether a forecast transaction is highly probable, a company shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform. The Company does not expect the amendment to have any significant impact because the Company hedges currency fluctuation risk and contractual cash flows of hedged items and hedging instruments do not vary significantly with changes in interest rate benchmarks.

IAS 1 - Classification of Liabilities

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the

Notes forming part of the Financial Statements

wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

6. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY 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 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 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 of direct issue cost.

Trade and other payable

Liabilities are recognised for the amounts to be paid in the future for goods or services received, whether billed by supplier or not.

Impairment of financial assets (other than at fair value)

The Company assesses at each date of statement of financial position whether a financial asset or a Company of financial assets is impaired. IFRS 9 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. 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

Notes forming part of the Financial Statements

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.

Derecognition of financial assets

(a) Financial asset

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

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

(b) Financial liability

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

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

Offsetting

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

a. Cash and cash equivalents

(Amount in : ZAR)

	As at March 31, 2020	As at March 31, 2019
Balances with bank		
In current account	78,714	110,302
In deposit account	400,000	400,000
Total	478,714	510,302

b. Investment

(Amount in : ZAR)

	As at March 31, 2020	As at March 31, 2019
Investment consist of the following		
Investment Non Current		
Investment in subsidiary*	106,700,000	106,700,000
Total	106,700,000	106,700,000

*Investment in subsidiary is stated at cost less accumulated impairment losses in the Company's financial statements.

Considering the fact that TCS South Africa is a profitable company despite the pandemic situation, management believes there is no trigger for impairment.

Notes forming part of the Financial Statements

c. Trade payables

(Amount in : ZAR)

	As at March 31, 2020	As at March 31, 2019
Accrued expenses	99,075	98,804
Total	99,075	98,804

d. Other financial assets

(Amount in : ZAR)

	As at March 31, 2020	As at March 31, 2019
Accrued interest	1,822	-
Total	1,822	-

e. Financial instruments by category

The carrying value of financial instruments by categories as at March 31, 2020 is as follows:

(Amount in : ZAR)

	Amortised cost	Total carrying value
Financial Assets:		
Cash and cash equivalents	478,714	478,714
Other financial assets	1,822	1,822
Total	480,536	480,536
Financial Liabilities:		
Trade payables	99,075	99,075
Total	99,075	99,075

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

(Amount in : ZAR)

	Amortised cost	Total carrying value
Financial Assets:		
Cash and cash equivalents	510,302	510,302
Total	510,302	510,302
Financial Liabilities:		
Trade payables	98,804	98,804
Total	98,804	98,804

Carrying amounts of cash and cash equivalents, other financial assets and trade payables as at March 31, 2020 and 2019 approximate the fair value.

f. Fair value hierarchy

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

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Notes forming part of the Financial Statements

- 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.

g. Financial risk management

The Company is exposed primarily to fluctuations in 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.

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.

- Foreign currency exchange rate risk

The Company is not exposed to foreign currency exchange rate risk.

- Interest rate risk

The Company is not significantly exposed to interest rate risk.

Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms 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 concentration of credit risk principally consist of cash and cash equivalents, and other financial assets.

- Exposure to credit risk

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was ZAR 480,536 and ZAR 510,302 as of March 31, 2020 and March 31, 2019, 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.

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)

March 31, 2020

Financial liabilities

Trade payables

Total

Due in 1st year	Due in 2nd to 5th year	Total
99,075	-	99,075
99,075	-	99,075

Notes forming part of the Financial Statements

March 31, 2019
Financial liabilities
Trade payables
Total

Due in 1st year	Due in 2nd to 5th year	Total
98,804	-	98,804
98,804	-	98,804

h. Equity instruments

(Amount in : ZAR)

Authorised, issued, subscribe and paid up Share capital

Authorised:
20,000,000 ordinary shares of ZAR 1 each
Issued :
14,000,000 ordinary shares of ZAR 1 each

Share holding

Tata Consultancy Services Limited

As at March 31, 2020	As at March 31, 2019
20,000,000	20,000,000
14,000,000	14,000,000
Percentage 100%	Percentage 100%

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.

7. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company

Notes forming part of the Financial Statements

is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Transition to IFRS 16

In January 2016, International Accounting Standards Board issued the final version of IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. IFRS 16 has replaced IAS 17 Leases, and its related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Based on the above lease recognition criteria, the company has not identified any leases for which it acts as a lessee. Thus, there is no impact on financial statement on application IFRS 16.

Impact of COVID-19

The company has not entered into any lease therefore there is no impact of COVID-19.

8. 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.

(Amount in : ZAR)

Other operating expenses

Fees to external consultants

Other expenses

Total

Year ended March 31, 2020	Year ended March 31, 2019
74,632	71,714
21,719	21,122
96,351	92,836

9. OTHER INCOME

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

(Amount in : ZAR)

Interest income

Interest Income - Bank

Interest income - Income tax refunds

Total

Year ended March 31, 2020	Year ended March 31, 2019
63,527	80,919
8	-
63,535	80,919

Notes forming part of the Financial Statements
10. 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.

The income tax expense consists of the following:

(Amount in : ZAR)

Current Tax

Current tax expense

Total

Year ended March 31, 2020	Year ended March 31, 2019
17,904	22,626
17,904	22,626

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)

Current tax Expenses

Income before taxes

Statutory tax rate

Expected income tax expense

Less: Income exempt from tax

Tax pertaining to prior years:

Current tax

Disallowable expenses

Expense on exempted dividend

Total tax expense

Year ended March 31, 2020	Year ended March 31, 2019
67,467,188	67,488,087
28.00%	28.00%
18,890,813	18,896,664
(18,900,001)	(18,900,001)
140	-
26,952	25,963
17,904	22,626

Notes forming part of the Financial Statements

IFRIC 23 Interpretation Uncertainty over Income Tax Treatment

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

Application of IFRIC 23

The Company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no instances of any uncertain tax treatment in the past and on that basis it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

11. 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

For the Year ended March 31, 2020

(Amount in : ZAR)

Particulars	With Tata Consultancy Services Limited, Holding Company	With Tata Consultancy Services (South Africa) Proprietary Limited, Subsidiary Company	Total
Dividend paid	67,480,000	-	67,480,000
Dividend received	-	67,500,004	67,500,004

For the Year ended March 31, 2019

(Amount in : ZAR)

Particulars	With Tata Consultancy Services Limited, Holding Company	With Tata Consultancy Services (South Africa) Proprietary Limited, Subsidiary Company	Total
Dividend paid	67,480,000	-	67,480,000
Dividend received	-	67,500,004	67,500,004

Notes forming part of the Financial Statements

12. COMPENSATION TO KEY MANAGERIAL PERSONNEL

Mr. Adil Noshir Tantra (Director)

(Amount in : ZAR)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Basic	1,324,570	-
Bonus	439,845	-
Other contribution	366,177	-
Total	2,130,592	-

* Mr. Adil Noshir Tantra was not associated with company in previous year hence no comparative.

No remuneration was paid to directors Mr. Henry Langa Dube, Mr. Lakshminarayanan Gomatam Seshadri and Mr. Ujjwal Mathur for the financial years 2020 and 2019 respectively from the Subsidiary.

13. GOING CONCERN

Management has taken into account the impact of COVID-19 on the business for the foreseeable future and have concluded that the company has sufficient resources to continue as a going concern.

14. 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.

15. 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.

Tata Consultancy Services Asia Pacific Pte Ltd
Registration Number: 200308003M

Annual Financial Statements
for the year ended on 31 March 2020

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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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 2020.

In our opinion:

- (a) the financial statements set out on pages 8.6 to 8.41 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

Girish Ramachandran

Sudeep Kunnumal

Natrajan Ganapathy Subramaniam

Ramakrishnan Venkataraman

(Appointed on 23 August 2019)

Krishnan Ramanajum

(Appointed on 4 February 2020)

Directors' interests

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

Name of director and corporation in which interests are held	Holdings at beginning of the year, or date of appointment, if later	Holdings at end of the year
Tata Consultancy Services Limited		
- Immediate holding company		
Ordinary shares		
Girish Ramachandran	11,000	11000
Sudeep Kunnumal	560	560
Natrajan Ganapathy Subramaniam	197,760	197,760
Krishnan Ramanajum	-	6,000
Ramakrishnan Venkataraman	-	2,000

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

Except as disclosed under the 'Share options' section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued ordinary shares of the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

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

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept appointment..

On behalf of the Board of Directors

Girish Ramachandran

Director

Sudeep Kunnumal

Director

19 May 2020

INDEPENDENT AUDITORS' 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 2020, 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 8.6 to 8.41.

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 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

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

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report.

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance

is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

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

19 May 2020

**Statement of Financial Position
As at 31 March 2020**

(Amount in : US\$)

	Note	2020	2019
ASSETS			
Investments in subsidiaries	4	106,704,464	68,408,434
Derivative financial instruments	5	–	37,334,021
Other investments	6	3,300,000	900,000
Equipment	7	2,582,984	1,298,680
Right-of-use assets	22	7,640,828	–
Non-current assets		120,228,276	107,941,135
Cash and cash equivalents	8	18,492,510	11,325,527
Trade and other receivables	9	77,166,675	50,255,645
Other assets	10	13,138,785	8,266,589
Current assets		108,797,970	69,847,761
TOTAL ASSETS		229,026,246	177,788,896
EQUITY AND LIABILITIES			
Equity			
Share capital	11	4,400,000	4,400,000
Reserves		2,400,000	–
Retained earnings		84,708,393	103,822,834
Total equity		91,508,393	108,222,834
Liabilities			
Accruals	13	463,662	–
Lease liabilities	14	5,483,930	–
Non-current liabilities		5,947,592	–
Trade and other payables	12	110,725,027	52,380,852
Accruals	13	16,505,608	14,513,477
Lease liabilities	14	1,450,151	–
Income tax payable		2,889,475	2,671,733
Current liabilities		131,570,261	69,566,062
Total liabilities		137,517,853	69,566,062
TOTAL EQUITY AND LIABILITIES		229,026,246	177,788,896

The accompanying notes form an integral part of these financial statements

Statement of Comprehensive Income for the year ended 31 March 2020

(Amount in : US\$)

	Note	2020	2019
Revenue	15	297,320,794	265,749,249
Cost of sales		(259,488,403)	(226,278,428)
GROSS PROFIT		37,832,391	39,470,821
Other operating income	16	27,480,448	8,038,477
Administrative expense	18	(30,283,249)	(28,771,413)
Fair value loss on derivative financial instruments	5	(31,727,990)	–
Finance cost		(137,763)	–
PROFIT BEFORE TAX		3,163,837	18,737,885
Tax expense	17	(4,278,278)	(2,575,876)
(LOSS)/PROFIT FOR THE YEAR	18	(1,114,441)	16,162,009
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Net change in fair value of equity investments at FVOCI		2,400,000	–
Related tax		–	–
OTHER COMPREHENSIVE INCOME, NET OF TAX		2,400,000	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,285,559	16,162,009

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity for the year ended 31 March 2020

(Amount in : US\$)

Note	Share capital	Retained earnings	Fair value reserve	Total
At 1 April 2018	4,400,000	100,660,825	-	105,060,825
Total comprehensive income for the year				
Profit for the year	-	16,162,009	-	16,162,009
Total comprehensive income for the year	-	16,162,009	-	16,162,009
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Dividend paid	-	(13,000,000)	-	(13,000,000)
Total transactions with owners	-	(13,000,000)	-	(13,000,000)
At 31 March 2019	4,400,000	103,822,834	-	108,222,834
At 1 April 2019	4,400,000	103,822,834	-	108,222,834
Total comprehensive income for the year				
Loss for the year	-	(1,114,441)	-	(1,114,441)
Other comprehensive income for the year	-	-	2,400,000	2,400,000
Total comprehensive income for the year	-	(1,114,441)	2,400,000	1,285,559
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Dividend paid	-	(18,000,000)	-	(18,000,000)
Total transactions with owners	-	(18,000,000)	-	(18,000,000)
At 31 March 2020	4,400,000	84,708,393	2,400,000	91,508,393

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows for the year ended 31 March 2020

(Amount in : US\$)

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,163,837	18,737,885
Adjustments for:			
Depreciation of plant and equipment	7	767,335	840,175
Depreciation of right-of-use assets	22	904,419	–
Increase/(decrease) in allowance for doubtful debts		269,674	(416,954)
Unrealized exchange loss on lease liabilities		(393,764)	–
Finance cost		137,763	–
Fair value loss on derivative financial instruments	5	31,727,990	–
Dividend income	16	(26,946,292)	(7,702,461)
Interest income	16	(3,413)	(2,180)
		9,627,549	11,456,465
Changes in working capital:			
Trade and other receivables		(27,180,703)	910,091
Other assets		(4,880,572)	(7,492,180)
Trade and other payables		58,344,175	5,706,506
Accruals		1,992,134	(132,528)
Cash generated from operations		37,902,583	10,448,354
Tax paid		(4,060,534)	(2,779,673)
Net cash flows from operating activities		33,842,049	7,668,681
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to investment in a subsidiary		(32,690,000)	–
Dividend received	16	26,946,292	7,702,461
Interest received	16	3,413	2,180
Purchase of equipment	7	(2,051,639)	(616,941)
Net cash flows (used in)/from investing activities		(7,791,934)	7,087,700
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	19	(18,000,000)	(13,000,000)
Repayment of principal payment for lease liabilities	14	(750,705)	–
Payment of interest charges	14	(132,427)	–
Net cash flows used in financing activities		(18,883,132)	(13,000,000)
Net increase in cash and cash equivalents		7,166,983	1,756,381
Cash and cash equivalents at 1 April		11,325,527	9,569,146
Cash and cash equivalents at 31 March	8	18,492,510	11,325,527

The accompanying notes form an integral part of these financial statements

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 xx May 2020.

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").

This is the first set of the Company's annual financial statements in which FRS 116 Leases has been applied. The related changes to significant accounting policies are described in note 2.5.

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 critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 3.9 – Revenue recognition.

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:

- ***Measurement of expected credit loss allowance for trade and other receivables (including contract assets and deposits)***

Management regularly reviews the recoverability and aging of the trade and other receivables (including contract assets and deposits) in arriving at estimates of expected credit loss (ECL) for trade and other receivables (including contract assets and deposits). Management considers the credit history and financial position of the customer before assessing the need for any allowance to be made. The carrying amount and credit risk (including ECL assessment and key assumptions in determining the weighted-average loss rate) of trade and other receivables (including contract assets and deposits) is disclosed in note 9, note 10 and note 23 to the financial statements respectively.

- ***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 assets value. The carrying amounts of the Company's investments in subsidiaries are disclosed in note 4.

Notes forming part of the Financial Statements

- **Provision for 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 (including Korean branch) 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.

- **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 23 of the financial statements.

2.5 Changes in accounting policies

New standards and amendments

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

- FRS 116 Leases
- FRS INT 123 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to FRS 28)
- *Prepayment Features with Negative Compensation* (Amendments to FRS 109)
- *Previously Held Interest in a Joint Operation* (Amendments to FRS 103 and 111)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to FRS 12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to FRS 23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to FRS 19)

Other than FRS 116, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

Notes forming part of the Financial Statements

FRS 116 Leases

The Company applied FRS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in FRS 116 have not generally been applied to comparative information.

Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under INT FRS 104 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in FRS 116.

On transition to FRS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied FRS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under FRS 17 and INT FRS 104 were not reassessed for whether there is a lease under FRS 116. Therefore, the definition of a lease under FRS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee

As a lessee, the Company leases many assets including property, production equipment and IT equipment. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under FRS 116, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Leases classified as operating leases under FRS 17

Previously, the Company classified property leases as operating leases under FRS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 April 2019. Right-of-use assets are measured at their carrying amount as if FRS 116 had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying FRS 116 to leases previously classified as operating leases under FRS 17. In particular, the Company:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Impact on financial statements

Impact on transition

On transition, the Company did not have any leases which were having remaining tenure of more than 12 months for which right-of-use assets and lease liabilities were required to be recognised. Hence there is no impact on retained earnings.

FRS INT 123 Uncertainty over Income Tax Treatments

FRS INT 123 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income

Notes forming part of the Financial Statements

tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

Impact on transition

The Company reviewed its income tax treatments in order to determine whether FRS INT 123 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no instances of any uncertain tax treatment in the past and on that basis it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence FRS INT 123 is not applicable.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

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.

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) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets

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

Notes forming part of the Financial Statements

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

Financial assets at amortised cost

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

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

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

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

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

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

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

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

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

Notes forming part of the Financial Statements

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

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

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

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

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

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, bank overdrafts, and trade and other payables.

(iii) Derecognition

Financial assets

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

Financial liabilities

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

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

Notes forming part of the Financial Statements

(iv) Offsetting

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

(v) Derivative financial instruments

Derivatives are initially measured at fair value and 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.

(vi) Share capital

Ordinary shares are classified as equity.

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

3.4 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.

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.

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 term

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

Notes forming part of the Financial Statements

3.5 Leases

The Company has applied FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under FRS 17 and INT FRS 104. The details of accounting policies under FRS 17 and INT FRS 104 are disclosed separately.

Policy applicable from 1 April 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in FRS 116.

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

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

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

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

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

The Company determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes forming part of the Financial Statements

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases - Policy applicable before 1 April 2019

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 and contract assets

The Company recognises loss allowances for ECLs on:

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

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

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

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

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

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

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

Notes forming part of the Financial Statements

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

(iii) 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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.

Notes forming part of the Financial Statements

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

Goods and services sold

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.

Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system/software is delivered to the customer. In cases where implementation and/or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.

- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs

Notes forming part of the Financial Statements

generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing to customers follow different schedules based upon the nature and type of goods and services being transferred. The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with FRS 115, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. The Company has applied the practical expedient provided by FRS 115, whereby the Company does not adjust the transaction price for the effects of the time value of money where the period between when the control on goods and services transferred to the customer and when payment thereof is due, is one year or less. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

Notes forming part of the Financial Statements

- Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

3.10 Other income

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

Dividend income from investments is recognised in profit or loss when the Company's right to receive payment has been established.

3.11 Tax

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 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.

Deferred tax assets are 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.

3.12 New standards and interpretations not yet adopted

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

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

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

Notes forming part of the Financial Statements

4. Investments in subsidiaries

(Amount in : US\$)

Unquoted equity shares, at cost

2020	2019
106,704,464	68,408,434

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
		2020 %	2019 %	
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	99.99	99.99	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	66	51	Provide IT consulting software solutions, services and products

(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.

(C) During the year, the Company recognised an additional cost of US\$38,296,031 on investment in Tata Consultancy Services Japan, Limited ("TCS Japan"). The cost represented cash consideration paid of US\$32,690,000 and option value on the date of exercise US\$5,606,031, upon exercise of the option to buy 15% of equity interest on TCS Japan from MC (note 5). The carrying amount of the investment in TCS Japan as at 31 March 2020 is US\$83,543,947.

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\$)

Derivative financial asset

Financial instruments mandatorily at fair value through profit or loss
- Put and call option

2020	2019
-	37,334,021

Notes forming part of the Financial Statements

The Company has exercised the call option on 26 June 2019 and purchased 15% of a stake in TCS Japan. The Company has determined the fair value of the option on the date of its exercise to be US\$5,606,031, which has been capitalised in cost of investment in subsidiary (note 4). Accordingly, the changes in fair value of the option of US\$31,727,990 has been recognised in profit and loss as "Fair value loss on derivative financial instruments".

Fair value measurement

Information about the fair value measurement of the option is included in note 23.

6. Other Investments

(Amount in : US\$)

Non-current assets

Unquoted equity shares, at fair value –designated at FVOCI

2020	2019
3,300,000	900,000
3,300,000	900,000

The Company designated the investment in Philippines Dealing System Holding Corporation as equity investments as at FVOCI because this equity investment represents investment that the Company intends to hold for the long term for strategic purposes. As at 31 March 2020, the fair value of the equity investment is US\$3,300,000 (2019: US\$900,000) During the financial year, the Company recognised dividend income of US\$ 709,740 (2019: US\$897,196) in profit or loss (note 16).

Credit and market risks, and fair value measurement

Information about the Company's exposures to credit and market risks, and fair value measurement, is included in note 23.

7. Equipment

(Amount in : US\$)

	Computers	Office equipment	Furniture and fittings	Leasehold improvements	Capital work in progress	Total
Cost						
At 1 April 2018	2,055,090	1,036,655	1,035,012	1,982,239	109,473	6,218,469
Additions	182,643	198,684	54,890	180,724	–	616,941
Transfers	45,748	22,022	37,339	–	(105,109)	–
At 31 March 2019	2,283,481	1,257,361	1,127,241	2,162,963	4,364	6,835,410
Additions	1,444,011	4,017	2,031	–	601,580	2,051,639
At 31 March 2020	3,727,492	1,261,378	1,129,272	2,162,963	605,944	8,887,049
Accumulated depreciation						
At 1 April 2018	1,697,717	788,027	778,846	1,431,965	–	4,696,555
Depreciation	211,091	107,448	125,907	395,729	–	840,175
At 31 March 2019	1,908,808	895,475	904,753	1,827,694	–	5,536,730
Depreciation	220,391	129,336	124,497	293,111	–	767,335
At 31 March 2020	2,129,199	1,024,811	1,029,250	2,120,805	–	6,304,065
Carrying amount						
At 1 April 2018	357,373	248,628	256,166	550,274	109,473	1,521,914
At 31 March 2019	374,673	361,886	222,488	335,269	4,364	1,298,680
At 31 March 2020	1,598,293	236,567	100,022	42,158	605,944	2,582,984

Notes forming part of the Financial Statements

8. Cash and cash equivalents

(Amount in : US\$)

	2020	2019
Cash at banks	18,475,856	11,310,800
Cash on hand	16,654	14,727
Cash and cash equivalents in the statement of cash flows	18,492,510	11,325,527

9. Trade and other receivables

(Amount in : US\$)

	2020	2019
Trade receivables (third parties)	43,529,390	28,323,562
Allowance for doubtful debts	(444,925)	(181,185)
	43,084,465	28,142,377
Amounts due from (trade):		
- immediate holding company	16,854,350	5,625,640
- subsidiaries	1,851,739	323,340
- related corporations	264,784	874,165
Unbilled revenue and advance billings from:		
- immediate holding company	713,590	451,895
- subsidiaries	236,315	122,505
- related corporations	47,948	18,779
Unbilled revenues (third parties)	4,348,559	10,513,480
Other receivables		
- immediate holding company	9,193,830	3,464,831
- subsidiaries	101,162	121,124
- related corporations	261,500	63,384
Other receivables(third parties)	208,433	534,125
	77,166,675	50,255,645

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.

Credit and market risks, and impairment losses

The Company's exposure to credit and currency risks, and impairment losses for trade and other receivables and are discussed in note 23.

10. Other Assets

(Amount in : US\$)

	2020	2019
Deposits	221,907	270,819
Prepayments	45,946	60,443
Contract assets	12,457,281	7,933,059
Contract fulfilment cost	413,651	2,268
	13,138,785	8,266,589

Notes forming part of the Financial Statements

11. Share capital

(Amount in : US\$)

Fully paid ordinary shares, with no par value:

At 1 April and 31 March

No. of shares 2020	No. of shares 2019	Amount 2020	Amount 2019
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\$)

Amounts due to:

- immediate holding company (trade)
- subsidiaries (trade)
- related corporations (trade)
- third parties

Unearned and deferred revenue

- immediate holding company
- subsidiaries
- related corporations
- third parties

2020	2019
94,071,273	45,036,621
966,855	1,401,321
1,988,643	487,936
1,909,228	1,282,167
42,254	80,809
17,732	50,391
9,978	29,860
11,719,064	4,011,747
110,725,027	52,380,852

The average credit period on purchases of services is 30 days (2019: 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.

Market and liquidity risk

The Company's exposure to liquidity and currency risks for trade payables are disclosed in note 23.

Notes forming part of the Financial Statements

13. Accruals

(Amount in : US\$)

	2020	2019
Employee benefits	5,566,893	7,612,942
Volume discount payable	1,754,442	2,651,693
Other accruals		
- ultimate holding company	694,660	628,568
- third parties	8,953,275	3,620,274
	16,969,270	14,513,477
Represented by:		
Current	16,505,608	14,513,477
Non-current	463,662	–
	16,969,270	14,513,477

Market and liquidity risk

The Company's exposure to liquidity and currency risks for accruals are discussed in note 23.

14. Lease liabilities

(Amount in : US\$)

	2020	2019
Non-current liabilities		
Lease liabilities	5,483,930	–
Current liabilities		
Lease liabilities	1,450,151	–
Total lease liabilities	6,934,081	–

Terms and debt repayment schedule

Terms and conditions of outstanding lease liabilities are as follows:

(Amount in : US\$)

				2020		2019	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Lease liabilities	SGD	3.21%	2024	7,079,703	6,609,943	–	–
Lease liabilities	KRW	3.02%	2020-2024	346,527	324,138	–	–

Notes forming part of the Financial Statements

Reconciliation of movements of liabilities to cash flows arising from financing activities:

(Amount in : US\$)

	2020
Lease liabilities	
Balance at 1 April 2020	–
Recognition of lease liabilities on initial application of FRS 116	–
Adjusted balance at 1 April 2020	–
Changes in financing cash flows	
Repayment of lease liabilities	(750,705)
Interest paid	(132,427)
Total changes from financing cash flows	(883,132)
Other changes	
Liability-related	
New leases	8,078,544
Interest expense	132,427
Exchange differences	(393,758)
Total liability-related other changes	7,817,213
Balance at 31 March 2020	6,934,081

15. Revenue

(a) Disaggregation of revenue from contracts with customers

(Amount in : US\$)

	2020	2019
Rendering of services	295,456,531	265,514,712
- Banking, financial services and insurance	209,907,946	196,282,716
- Manufacturing process	19,262,490	15,713,470
- Retail distribution	7,137,993	3,234,855
- Telemedia and entertainment	1,514,248	1,028,331
- Energy utilities	4,809,889	3,773,531
- High technology	4,359,719	4,584,783
- Lifesciences	5,955,974	6,433,707
- Travel, transport and hospitality	38,930,847	31,218,860
- Others	3,577,425	3,244,459
Sales of goods	1,864,263	234,537
	297,320,794	265,749,249
Primary geographical markets		
- Asia Pacific	280,589,988	251,949,582
- Americas	11,115,533	9,256,375
- UK	1,787,740	2,344,353
- Europe	3,412,959	2,024,278
- India	412,035	174,661
- Middle East	2,539	–
	297,320,794	265,749,249

Notes forming part of the Financial Statements

Timing of revenue recognition

- Products and services transferred over time
- Products transferred at a point in time

295,456,531	265,514,712
1,864,263	234,537
297,320,794	265,749,249

(b) Contract balances

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

Contract assets are recognized when there is excess of revenue earned over billings on contracts and where not only act of invoicing is pending. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Company invoices the customer.

Contract liabilities primarily relate to unearned and deferred revenue, which are recognised when there are billings in excess of revenues.

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

(Amount in : US\$)

Contract assets:

Balance at the beginning of the year

Revenue recognised during the year

Invoices raised during the year

Exchange differences

Balance at the end of the year

Contract liabilities:

Balance at the beginning of the year

Revenue recognised that was included in unearned and deferred revenue at the beginning of the year

Increase due to invoicing during the year, excluding amounts recognised as revenue during the year

Exchange differences

Balance at the end of the year

2020	2019
7,933,059	4,137,335
39,448,144	32,210,077
(34,719,771)	(28,262,138)
(204,151)	(152,215)
12,457,281	7,933,059
(4,172,807)	(4,248,040)
4,086,479	4,072,004
(11,816,904)	(4,098,270)
114,204	101,499
(11,789,028)	(4,172,807)

(c) Transaction price allocated to the remaining performance obligations

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in FRS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Notes forming part of the Financial Statements

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revaluations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is US\$ 172 million (2019: US\$186 million), of which, 74% (2019: 55%) is expected to be recognised as revenue within the next 1 year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

(d) Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from:

- the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers not in a position to accept alternate delivery modes using Secured Borderless Workspaces
- customers postponing their discretionary spend due to change in priorities

The Company has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meetings its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage-completion-basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised Service Level Agreements in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

16. Other operating income

(Amount in : US\$)

	Note	2020	2019
Dividend income from:			
- subsidiaries	21	26,236,552	6,805,265
- financial asset at FVOCI	6	709,740	897,196
Foreign exchange gain/(loss), net		360,743	(113,688)
Interest income		3,413	2,180
Other income		170,000	447,524
		27,480,448	8,038,477

Notes forming part of the Financial Statements

17. Tax expense

(Amount in : US\$)

Current tax expense

Current year

Reconciliation of effective tax rate

Profit before tax

Tax calculated using Singapore tax rate of 17% (2019: 17%)

Non-deductible items

Tax exempt income

Withholding tax expenses

2020	2019
4,278,278	2,575,876
3,163,837	18,737,885
537,852	3,185,440
5,836,283	203,045
(4,580,869)	(1,421,939)
2,485,012	609,330
4,278,278	2,575,876

18. (Loss)/Profit for the year

The following items have been included in arriving at (loss)/ profit for the year:

(Amount in : US\$)

Employee benefits expense (including directors' remuneration)

Contributions to defined contribution plans (excluded from employee benefits expenses)

Allowance for/(Reversal of) impairment of trade receivables

Cost of inventories charged to cost of sales

Depreciation

Foreign exchange (gain)/loss, net

2020	2019
109,011,463	100,647,171
4,121,686	3,745,085
269,674	(430,123)
99,490	164,462
767,335	840,175
(360,743)	113,688

Administrative expense includes the following significant expenses:

(Amount in : US\$)

Directors' remuneration

Employee benefits expense (including directors' remuneration)

Contributions to defined contribution plans (excluded from employee benefits expenses)

Operating lease expenses (under FRS 17)

Depreciation

2020	2019
754,997	1,009,999
18,795,030	17,136,931
960,029	791,722
-	1,728,367
168,584	166,729

Notes forming part of the Financial Statements

19. Dividends paid

(Amount in : US\$)

	2020	2019
Tax exempt interim dividends declared of US\$ 2.37(2019: US\$1.71) per share	18,000,000	13,000,000

Reconciliation of movements of liabilities to cash flows arising from financing activities:

(Amount in : US\$)

	2020	2019
Trade and other payables - Immediate holding company		
Dividends payable at 1 April	-	-
Dividends declared	18,000,000	13,000,000
Dividends paid	(18,000,000)	(13,000,000)
Total changes from financing cash flows	-	-
Dividends payable at 31 March	-	-

20. Guarantees and commitments

(a) Guarantees

(Amount in : US\$)

	2020	2019
Guarantees to customers in respect to services performed by subsidiaries	1,656,029	1,489,627
Guarantees to vendors in respect of services performed for the Company	528,211	547,083

(b) Capital commitments

The Company has contractually committed US\$ 291,278 as at 31 March 2020 (2019: Nil) for purchase of plant and equipment.

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. 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\$)

	2020	2019
Short-term benefits	754,997	1,009,999

Notes forming part of the Financial Statements

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\$)

	2020	2019
Ultimate holding company		
Royalty expense	(694,844)	(628,812)
Associate of ultimate holding company		
Communication expenses	(152,451)	(162,480)
Immediate holding company		
Rendering of services	13,671,563	9,927,715
Purchases of services	(174,259,145)	(149,501,613)
Dividend paid	(18,000,000)	(13,000,000)
Subsidiaries		
Rendering of services	2,395,091	2,201,645
Purchases of services	(3,397,835)	(2,547,660)
Dividend received	26,236,552	6,805,265
Related companies		
Rendering of services	3,564,066	1,952,087
Purchases of services	(2,947,445)	(3,123,943)

22. Leases

Leases as lessee (FRS 116)

The Company leases 3 offices in commercial building. The lease typically runs for a period of 4 years, with an option to renew the lease after that date. Lease payments are renegotiated every 4 years to reflect market rentals. The Company is restricted from entering into any sub-lease arrangements.

The Company leases employee's accommodation with contract term of one year, which is short-term in nature except for one lease which is more than a year. The Company has elected not to recognise right-of-use asset and lease liability for this lease except for the lease which is for more than a year.

The Company has elected not to apply the requirements of FRS 116 for all the leases for which the underlying asset is of low value. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are :

(Amount in : US\$)

Leasehold building

Balance at 1 April 2019

Additions to right-of-use assets

Depreciation charge for the year

Balance at 31 March 2020

	-
	8,545,247
	(904,419)
	7,640,828

Notes forming part of the Financial Statements

Amounts recognised in profit or loss

(Amount in : US\$)

2020 – Leases under FRS 116

Interest on lease liabilities

132,427

Expenses relating to short-term leases

1,096,217

2019 – Operating leases under FRS 17

Lease expense

2,151,879

Amounts recognised in statement of cash flows

(Amount in : US\$)

Total cash outflow for leases(including cash outflow for short term leases and leases for low value assets)

2020

1,979,349

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at 31 March 2019 compared to the lease liability as at 1 April 2019 is primarily due to exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

Extension options

Some property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. Furthermore, the leases committed by the Company for properties used as delivery centers / sales offices are long term in nature and no changes are to be expected in the terms of these leases due to COVID-19.

23. 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.

Impairment losses on financial assets trade receivables recognised in profit or loss were as follows:

(Amount in : US\$)

	2020	2019
Allowance/(Reversal of) for impairment loss on trade receivables and arising from contracts with customers	269,674	(416,954)

Trade receivables

Exposure to credit risk

The exposure to credit risk for trade receivables, unbilled revenue and contract assets at the reporting date by geographic region was as follows:

(Amount in : US\$)

	2020	2019
Asia Pacific	63,264,231	46,964,208
Europe	327,539	337,984
India	10,899,601	3,416,740
Americas	4,811,662	2,672,800
Middle East	2,678	135
UK	553,320	613,373
	79,859,031	54,005,240

At the end of the reporting period, significant concentration of credit risk of the Company's trade receivables balance of US\$ 26,048,181 and US\$ 1,952,901 (2019: US\$9,090,470 and US\$937,549) were due from the immediate holding company and subsidiaries, respectively.

Expected credit loss assessment

Loss rates are calculated based on actual credit loss experience over the past three years and adjusted for using Company's review on the current conditions and economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss.

Notes forming part of the Financial Statements

The following table provides information about the exposure to credit risk and ECLs for the trade receivables (third parties and related parties) and unbilled revenue as at 31 March:

(Amount in : US\$)

31 March 2020	Weighted average loss rate %	Gross carrying amount	Expected credit loss allowance	Credit impaired	Credit impaired amounts
Current (not past due)	-	48,390,502	-	No	-
Past due 1 – 30 days	-	4,205,801	-	No	-
Past due 31 – 60 days	-	8,710,509	-	No	-
Past due 61 – 90 days	-	3,447,275	-	No	-
Past due 91 – 180 days	-	2,020,107	-	No	-
Past due 181 – 365 days	38.7	735,418	(284,783)	Yes	284,783
Past due more than 365 days	47.5	337,064	(160,142)	Yes	160,142
		67,846,675	(444,925)		444,925

(Amount in : US\$)

31 March 2019	Weighted average loss rate %	Gross carrying amount	Expected credit loss allowance	Credit impaired	Credit impaired amounts
Current (not past due)	-	35,006,276	-	No	-
Past due 1 – 30 days	-	7,060,544	-	No	-
Past due 31 – 60 days	-	313,924	-	No	-
Past due 61 – 90 days	-	2,922,936	-	No	-
Past due 91 – 180 days	-	144,762	-	No	-
Past due 181 – 365 days	-	85,636	-	No	-
Past due more than 365 days	25.19	719,288	(181,185)	Yes	181,185
		46,253,366	(181,185)		181,185

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables as follows:

(Amount in : US\$)

	2020	2019
At 1 April	(181,185)	(611,308)
Impairment loss recognised	(269,674)	-
Impairment loss written-back	-	416,954
Exchange difference	5,934	13,169
At 31 March	(444,925)	(181,185)

Cash and cash equivalents

The Company held cash and cash equivalents of US\$18,492,510 at 31 March 2020 (2019: US\$11,325,527). The cash and cash equivalents are held with reputable bank and financial institution counterparties of high credit standings.

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

Notes forming part of the Financial Statements

Contract assets and other receivables

The Company uses a similar approach for assessment of ECLs for these receivables to those used for trade receivables. Impairment on these balances applied depends on whether there has been a significant increase in credit risk. No aging analysis of these balances are presented as the majority of outstanding balance as at 31 March 2020 and 31 March 2019 are current. The amount of the allowance on these balances is insignificant.

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.

The following table summarises the Company's remaining contractual maturity for its non-derivative financial liabilities at the end of the reporting period based on undiscounted cash flows of financial instruments premised on the earlier of the contractual date or when the Company is expected to pay.

(Amount in : US\$)

Cash flows				
	Carrying amount	Contractual cash flows	Within one year	Between one and five years
31 March 2020				
Non-derivatives financial liabilities				
Trade and other payables	98,935,986	98,935,986	98,935,986	–
Accruals	8,638,383	8,638,383	8,174,721	463,662
Leases liabilities	6,934,081	7,426,230	1,643,128	5,783,102
	114,508,450	115,000,599	108,753,835	6,246,764
31 March 2019				
Non-derivatives financial liabilities				
Trade and other payables	48,208,047	48,208,047	48,208,047	–
Accruals	6,690,507	6,690,507	6,690,507	–
	54,898,554	54,898,554	54,898,554	–

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.

Notes forming part of the Financial Statements

Exposure to currency risk

The Company's exposures to foreign currencies are as follows:

(Amount in : US\$)

	Liabilities		Assets	
	2020	2019	2020	2019
Singapore dollar	42,161,080	17,389,169	32,615,505	16,966,303
Euro	7,890,758	3,852,285	4,933,202	4,861,274
Japanese yen	86,187	187,966	29,315	15,984
Korean won	5,595,222	4,954,912	5,400,403	5,162,412
Chinese renminbi	269,593	856,159	160,237	425,179
Great Britain pound	116,131	197,198	179,597	164,082
Hong Kong dollar	(84,157)	35,649	967	58,760
Indian rupee	31	14,676	32,127	523,347
New Taiwan dollar	-	16,871	(638,471)	(642,616)
Danish Krone	-	-	-	239
Malaysian Ringgit	-	-	270,594	30,213
Indonesia Rupiah	31	-	33,510	33,510
Swiss Franc	157,225	287,666	118,118	214,522
New Zealand Dollar	40	-	-	-
Australian Dollar	14,228	5,084	22,989	(5,972)

Sensitivity analysis for foreign currency risk

A 10% strengthening/weakening of US\$ against the following currencies at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

(Amount in : US\$)

	Strengthen		Weaken	
	2020	2019	2020	2019
Singapore dollar	(954,557)	(42,287)	954,557	42,287
Euro	(295,756)	100,899	295,756	(100,899)
Japanese yen	(5,687)	(17,198)	5,687	17,198
Korean won	(19,482)	20,750	19,482	(20,750)
Chinese renminbi	(10,936)	(43,098)	10,936	43,098
Great Britain pound	6,347	(3,312)	(6,347)	3,312
Hong Kong dollar	8,512	2,311	(8,512)	(2,311)
Indian rupee	3,210	50,867	(3,210)	(50,867)
New Taiwan dollar	(63,847)	(65,949)	63,847	65,949
Danish Krone	-	24	-	(24)
Malaysian Ringgit	27,059	3,021	(27,059)	(3,021)
Indonesia Rupiah	3,348	3,351	(3,348)	(3,351)
Swiss Franc	(3,911)	(7,314)	3,911	7,314
New Zealand Dollar	(4)	-	4	-
Australian Dollar	876	(1,106)	(876)	1,106

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.

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used:

Financial assets	Assets		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	US\$					
	2020	2019				
Call and put option *	-	37,334,021	Level 3	Discounted cash flow using no arbitrage principle	Default risk of 0.32% (2019: 1.4%) Volatility of 26.5% (2019: 26.5%) Discount rate of 9.3% (2019: 8.8%) Terminal growth rate of 0.5% (2019: 0.5%)	The higher the default risk, the higher the fair value The higher the volatility, the higher the fair value The higher the discount rate, the lower the fair value. The higher the terminal growth rate, the higher the fair value
Unquoted equity shares, at fair value - designated at FVOCI	3,300,000	900,000	Level 3	Market Comparison Technique: The valuation model is based on market multiples derived from quoted prices of companies comparable to the Company, adjusted for the effect of the non marketability of the equity investments and the expected EBITDA of the Company	Adjusted market multiple	The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower)

* The Company exercised the call and put option during the year and the determination of fair value of the option is disclosed in note 5.

Notes forming part of the Financial Statements

(iii) Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

(Amount in : US\$)

Call and put option

Balance at the beginning of the year

Net change in fair value

Exercised during the year

Balance at the end of the year

Unquoted equity shares designated at FVOCI

Balance at the beginning of the year

Net change in fair value of unquoted equity shares designated at FVOCI

Balance at the end of the year

2020	2019
37,334,021	37,334,021
(31,727,990)	–
(5,606,031)	–
–	37,334,021
900,000	900,000
2,400,000	–
3,300,000	900,000

Sensitivity analysis

For the fair values of unquoted equity shares designated at FVOCI 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\$)

31 March 2020

EBITDA Multiple (0.5x movement)

Normalised EBITDA (10% movement)

Other comprehensive income	
Increase	Decrease
200,000	(140,000)
300,000	(200,000)

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\$)

31 March 2019

Terminal growth rate (0.5% movement)

Discount rate (1% movement)

Profit or loss	
Increase	Decrease
2,542,379	(2,255,499)
(5,785,367)	7,379,296

Notes forming part of the Financial Statements

Other risk

Impact of COVID-19

Financial assets of USD 18,492,510 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade and other receivables of USD 68,097,643 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to customers in Retail, Travel, Transportation and Hospitality, Manufacturing and Energy verticals which could have an immediate impact and the rest which could have an impact with a lag. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables and contract assets while arriving at the level of provision that is required. Based on this assessment, the allowance for doubtful trade receivables of USD 444,925 is considered adequate.

TCS FNS PTY Limited and Controlled Entities

(ABN 45 116 714 482)

General Purpose Financial Report

Reduced Disclosure Requirements

Financial Statements

For the year ended

March 31, 2020

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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Directors' Report

The directors present their report together with the consolidated financial statements of the Group comprising of TCS FNS Pty Limited and its subsidiaries for the financial year ended March 31, 2020 and the auditor's report thereon.

1. Directors

The names of the directors in office at any time during or since the end of the year are:

Director_ Neville Joseph Roach	Appointed October 20, 2005
Director_ Natarajan Ganapathy Subramaniam	Appointed April 11, 2008
Director_ Girish Ramachandran Payangatiri	Appointed November 09, 2015
Director_ Ventateshwaran Srinivasan	Appointed June 12, 2017
Director_ Madhav Anchan	Appointed August 09, 2019

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. Principal activities

The principal activities of the Group during the financial year is holding investments in wholly owned subsidiaries and 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.

3. Review of operations

The profit of the Group for the financial year after providing for income tax amounted to AUD 11,016,054 (2019 profit of AUD 8,784,766).

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.

4. Significant changes in state of affairs

On January 29, 2020 TCS Financial Solutions Australia (Holdings) Pty Limited has been de registered which is the subsidiary of TCS FNS Pty Limited (Parent). Due to this TCS Financial Solutions Australia Pty Ltd has become the direct subsidiary of TCS FNS Pty Limited.

5. 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.

6. Dividends

AUD 15,000,000 dividend was paid to Tata Consultancy Services Limited (Parent Company) during the financial year. (2019: AUD 5,000,000).

7. Events subsequent to reporting date

No matters subsequent to the end of the financial period that have arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

8. Likely developments

Outbreak of the COVID-19 pandemic across the world in the last quarter of FY 19-20 has resulted in disruption of the business activities. The lockdown conditions across the world especially since the month of March 2020 have impacted the business operations, coming at the crucial time of the year end. The economic impact of the pandemic has already started reflecting

on the business and has dampened the sentiments. Its impact will be clear as the picture pans out. Company has kept focus on employee safety and well-being and the customers to support mission critical IT backbones globally. The early proactive measures like travel restrictions, cancellation of events and large internal meetings, safe working environments and processes have helped contain the impact to some extent. The impact assessment of COVID-19 has been provided in the respective notes of the financial statements.

9. Shares under 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.

10. Indemnity and insurance of officers and auditors

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.

11. 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.

12. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 9.4 and forms part of the directors' report for the financial year ended March 31, 2020.

Neville J Roach

Director

May 15, 2020

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To The Directors of TCS FNS Pty Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of TCS FNS Pty Limited for the financial year ended 31 March 2020 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

May 15, 2020

Statement of Financial Position

(Amount in AUD)

		Group		Parent	
	Note	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Current assets					
Cash and cash equivalents	9	12,599,520	19,093,853	3,001	3,001
Trade and other receivables	10	12,552,747	7,310,733	7,523,189	-
Other current assets	11	6,917,727	8,290,340	46	31
Total current assets		32,069,994	34,694,926	7,516,236	3,032
Non-current assets					
Property, plant and equipment	12	82,084	20,848	-	-
Deferred tax assets	14	3,333,367	3,783,825	-	-
Investment in subsidiary		-	-	300,000	33,548,928
Income tax assets (net)		-	366,749	-	366,748
Other assets	11	7,559	356,980	-	-
Total non-current assets		3,423,010	4,528,402	300,000	33,915,676
TOTAL ASSETS		35,493,004	39,223,328	7,816,236	33,918,708
Current liabilities					
Trade and other payables	13	3,912,967	4,994,765	-	3,872,625
Income tax payable (net)		1,485,768	-	1,485,768	-
Total current liabilities		5,398,735	4,994,765	1,485,768	3,872,625
TOTAL LIABILITIES		5,398,735	4,994,765	1,485,768	3,872,625
NET ASSETS					
		30,094,269	34,228,563	6,330,468	30,046,083
Equity					
Share capital	15	37,258,815	37,258,815	37,258,815	37,258,815
Accumulated (losses)		(7,159,015)	(3,175,069)	(7,212,768)	(7,212,732)
Foreign currency translation reserve	16	(5,531)	144,817	-	-
Common control reserve	19	-	-	(23,715,579)	-
TOTAL EQUITY		30,094,269	34,228,563	6,330,468	30,046,083

NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

Statement of Profit or Loss and Other Comprehensive Income

(Amount in AUD)

	Note	Group		Parent	
		For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue	4	29,443,241	25,769,202	-	-
Other Income	4	31,649	66,622	15,000,000	5,000,000
Expenses					
Employee benefits expenses		(11,266,208)	(10,386,249)	-	-
Depreciation and amortisation expenses	5	(18,874)	(11,183)	-	-
Impairment expenses	5	93,046	(65,854)	-	-
Selling, general and administrative expenses		(4,256,204)	(4,561,884)	-	-
Foreign exchange gain	5	1,092,235	1,643,902	-	-
Finance costs	6	(46,906)	(19,701)	(51)	-
PROFIT BEFORE TAX		15,071,979	12,434,855	14,999,949	5,000,000
Income tax (expense) / income	7	(4,055,925)	(3,650,089)	15	(2,903)
NET PROFIT / (LOSS)		11,016,054	8,784,766	14,999,964	4,997,097
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Foreign currency translation		(150,348)	(281,033)	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(150,348)	(281,033)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		10,865,706	8,503,733	14,999,964	4,997,097

NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

Statement of Changes in Equity

Consolidated Group

(Amount in AUD)

	Share capital	Accumulated (losses)/gain	Foreign Currency Translation reserve	Total
Balance as at April 1, 2018	37,258,815	(6,959,835)	425,850	30,724,830
Profit for the year	-	8,784,766	-	8,784,766
Dividend paid	-	(5,000,000)	-	(5,000,000)
Total comprehensive income for the year	-	-	(281,033)	(281,033)
Balance as at March 31, 2019	37,258,815	(3,175,069)	144,817	34,228,563
Profit for the year	-	11,016,054	-	11,016,054
Dividend paid	-	(15,000,000)	-	(15,000,000)
Total comprehensive income for the year	-	-	(150,348)	(150,348)
Balance as at March 31, 2020	37,258,815	(7,159,015)	(5,531)	30,094,269

Parent Entity

(Amount in AUD)

	Share capital	Accumulated (losses)/gain	Common control reserve	Total
Balance as at April 1, 2018	37,258,815	(7,209,829)	-	30,048,986
Profit for the year	-	4,997,097	-	4,997,097
Dividend paid	-	(5,000,000)	-	(5,000,000)
Balance as at March 31, 2019	37,258,815	(7,212,732)	-	30,046,083
Profit for the year	-	14,999,964	-	14,999,964
Dividend paid	-	(15,000,000)	-	(15,000,000)
Other adjustment	-	-	(23,715,579)	(23,715,579)
Balance as at March 31, 2020*	37,258,815	(7,212,768)	(23,715,579)	6,330,468

*FOR OTHER ADJUSTMENT REFER NOTE 19.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

Statement of Cash Flows

(Amount in AUD)

	Group		Parent	
	For Year ended March 31, 2020	For Year ended March 31, 2019	For Year ended March 31, 2020	For Year ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	24,050,880	46,591,963	-	-
Cash paid to suppliers, employees and others	(13,777,007)	(36,377,682)	-	-
Interest received	31,649	66,622	-	-
Interest and Other bank charges paid	(46,906)	(19,701)	-	-
Income tax paid	(1,752,949)	(1,890,541)	-	-
Loan from intercompany	-	-	-	49
Net cash flows from operating activities	8,505,667	8,370,661	-	49
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan taken	910,478	-	-	-
Loan paid	(910,478)	-	-	-
Dividends paid	(15,000,000)	(5,000,000)	-	-
Net cash flows from financing activities	(15,000,000)	(5,000,000)	-	-
Net increase/(decrease) in cash and cash equivalents	(6,494,333)	3,370,661	-	49
Cash and cash equivalents at the beginning of the financial year	19,093,853	15,723,192	3,001	2,952
Cash and cash equivalent at the end of year	12,599,520	19,093,853	3,001	3,001

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. 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.

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 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 March 31, 2020. 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, 2019; all other subsidiaries have a reporting date of March 31, 2020.

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 (income) 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.

Notes forming part of the Financial Statements

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 which include TCS FNS Australia (Holdings) Australia Pty Ltd and TCS Financial Solutions Australia Pty Limited have formed an income tax consolidated entity under the tax consolidation legislation. The Company, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of the members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability, (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the Company, recognizing an inter-entity payable, (receivable) equal in amount to the tax liability (asset) assumed. The inter entity payable (receivable) is at call.

Contributions to the fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

b. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, less 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.

The useful life for each class of depreciable assets is:

Class of Fixed Asset	Useful Life
Furniture and fittings	5 - 7 years
Plant and equipment	2.5 to 7 years
Motor Vehicles	5 years
Leasehold improvements	10 years

Notes forming part of the Financial Statements

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.

c. Intangible assets

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. Intangible assets are amortised on a straight line basis.

(The carrying amount of BANCs Software as on March 31, 2020 is Nil (March 31, 2019 was Nil).

This includes software license AUD 4,258 in March 31, 2020 (AUD 5,616 in March 31, 2019).

d. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable, Impairment loss, if any, is recognised in profit or loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in profit or loss.

The Group has elected not to apply the requirements of AASB 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Notes forming part of the Financial Statements

Transition to AASB 16

Australian Accounting Standards Board issued the final version of AASB 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. AASB 16 has replaced AASB 117 Leases, and its related interpretations. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Based on the above lease recognition criteria, the Group has not identified any leases for which it acts as a lessee. Thus, there is no impact on financial statement on application of AASB16.

e. 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.

The Group derecognised a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

Cash and cash equivalents

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

Notes forming part of the Financial Statements

f. Impairment

Financial assets (other than at fair value)

The group assesses at each date of statement of financial position whether a financial asset or a group of financial assets impaired, AASB 9 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. 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.

Non-financial assets

At each reporting date, the group 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 group 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.

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.

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 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.

j. Provisions

Provisions are recognised when the group 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

The group earns revenue primarily from sale of computer software for banking and to market and license the software worldwide and to provide maintenance services.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the group expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the group is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customization services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the group may include supply of third party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the group is acting as the principal or as an agent of the customer. The group recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Notes forming part of the Financial Statements

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing to customers follow different schedules based upon the nature and type of goods and services being transferred. The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with AASB 137, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The group reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change, In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The group disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Use of significant judgements in revenue recognition

- The group's contracts with customers could include promises to transfer multiple products and services to a customer. The group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. The group has applied the practical expedient provided by AASB 15, where by the group does not adjust the transaction price for the effects of the time value of money where the period between when the control on goods and services transferred to the customer and when payment thereof is due, is one year or less. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts are recognised using percentage-of-completion method. The group uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

Notes forming part of the Financial Statements

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.

o. Adoption of new and revised accounting standards

In the current year, the group has adopted AASB 16 “Leases” which have been applied for the first time (Note: 3(d)) from 1st, April 2019.

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 as group have not taken anything on lease.

4. Revenue

(Amount in AUD)

	Group		Parent	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Operating Activities				
Consultancy revenue	13,857,158	11,243,870	-	-
License fees	15,586,083	14,525,332	-	-
Total Revenue	29,443,241	25,769,202	-	-
Non operating activities				
Interest received	31,649	66,622	-	-
Dividend	-	-	15,000,000	5,000,000
Total Other income	31,649	66,622	15,000,000	5,000,000

Notes forming part of the Financial Statements

Revenue disaggregation by industry vertical is as follows:

(Amount in AUD)

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Industry Vertical				
Banking , Financial and Insurance	29,443,241	25,769,202	-	-
Total	29,443,241	25,769,202	-	-

Revenue disaggregation by geography is as follows:

(Amount in AUD)

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Geography				
APAC	16,895,920	14,140,235	-	-
India	12,547,321	11,628,967	-	-
Total	29,443,241	25,769,202	-	-

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the group has applied the practical expedient in AASB 15. Accordingly, the group has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revaluations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is 9,907,004 out of which AUD 7,224,188 (72.92%) is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Movement in contract liability is given below :

	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance as on April, 2019	274,670	4,888,210
- Revenue recognised during the year	(274,670)	(4,873,235)
+ Invoices raised during the year	869,011	265,037
- Translation	47,898	(5,342)
Closing balance as on March, 2020	916,909	274,670

Impact of COVID-19

While the group believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from

- The inability of our customers to continue their businesses due to financial resource constraints or their services no longer being availed by their customers

Notes forming part of the Financial Statements

- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers not in a position to accept alternate delivery modes using Secured Border less WorkSpaces
- customers postponing their discretionary spend due to change in priorities

The group has assessed that customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The group has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The group has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meetings its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage-completion-basis. The group has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force- majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

5. Result for the Year

(Amount in AUD)

	Group		Parent	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation expense	17,180	9,540	-	-
Amortisation	1,694	1,642	-	-
Impairment expense	(93,046)	65,854	-	-
Net foreign currency (gains) /loss	(1,092,235)	(1,643,902)	-	-

6. Finance Costs

(Amount in AUD)

	Group		Parent	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Bank deposits	22,105	7,278	-	-
Interest paid	24,801	12,423	(51)	-
Total finance cost	46,906	19,701	(51)	-

7. Income Tax (Expense) / Income

(Amount in AUD)

	Group		Parent	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax expense	(3,605,467)	(1,240,379)	15	(2,903)
Deferred tax expense	(450,458)	(2,409,710)	-	-
Total	(4,055,925)	(3,650,089)	15	(2,903)

Notes forming part of the Financial Statements

(Amount in AUD)

Reconciliation of effective tax rate

Profit before tax

Current Tax provision

Income from subsidiaries tax at different tax rate

Current tax of prior period

Permanent differences

Deferred tax of prior period

Overseas tax deducted at source
(FITO current year use)

Total

Group		Parent	
For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
15,071,979	12,434,855	14,999,949	5,000,000
(4,521,594)	(3,730,456)	4,499,985	1,500,000
628,142	308,259	-	-
(159,380)	(726,417)	15	(2,903)
-	362,565	(4,499,985)	(1,500,000)
(3,093)	84,019	-	-
-	51,941	-	-
(4,055,925)	(3,650,089)	15	(2,903)

8. Auditors' Remuneration

(Amount in AUD)

Remuneration of the auditor of TCS FNS Pty Ltd
For auditing

Total

Group		Parent	
For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
41,574	39,727	-	-
41,574	37,727	-	-

9. Cash & Cash Equivalents

(Amount in AUD)

Cash at banks and in hand

Deposit with banks

Total

Group		Parent	
As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
10,778,560	19,093,853	3,001	3,001
1,820,960	-	-	-
12,599,520	19,093,853	3,001	3,001

Notes forming part of the Financial Statements

10. Trade and Other Receivables

(Amount in AUD)

	Group		Parent	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Trade receivables	10,907,495	5,577,374	7,513,189	-
Allowance for impairment of receivables	(104,463)	(193,369)	-	-
Sundry debtors	7,142	15,667	-	-
	10,810,174	5,399,672	7,513,189	-
Accrued income	1,742,573	1,911,061	-	-
Total	12,552,747	7,310,733	7,513,189	-

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances,

For related party details refer note no 22.

Allowance for impairment of receivables

Current trade and term receivables are non-interest bearing loans and generally on 30 - days term. 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.

11. Other Assets

(Amount in AUD)

	Group		Parent	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Current assets				
Security deposit	5,120	-	-	-
Advance to employees	1,880	8,153	-	-
Advance to suppliers	6,171	-	-	-
Prepayments	227,581	280,168	-	-
Contract assets	6,644,972	7,965,337	-	-
Other current assets	32,003	36,682	46	31
Total	6,917,727	8,290,340	46	31
Non current assets				
Contract assets	6,715	356,202	-	-
Security deposit	844	778	-	-
Total	7,559	356,980	-	-

Notes forming part of the Financial Statements

Movement in contract assets is given below :

Opening balance as on April, 2019

- + Revenue recognised during the year
- Invoices raised during the year
- + Translation

Closing balance as on March, 2020

For the year ended March 31, 2020	For the year ended March 31, 2019
8,321,539	11,360,843
8,326,477	6,054,885
(10,538,419)	(9,194,633)
542,090	100,444
6,651,687	8,321,539

12. Property, Plant and Equipment

(Amount in AUD)

Plant and equipment

At cost

Accumulated depreciation

Total

Group		Parent	
As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
1,685,870	1,526,328	-	-
(1,603,786)	(1,505,480)	-	-
82,084	20,848	-	-

13. Trade and Other Payables

(Amount in AUD)

Current

Trade creditors

Trade payable

Accrued expenses

Unearned income

Total

Group		Parent	
As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
341,717	585,619	-	-
-	-	-	3,872,625
2,654,341	4,134,475	-	-
916,909	274,671	-	-
3,912,967	4,994,765	-	3,872,625

All amounts are short term and carrying value are considered to be reasonable approximate of fair value.

For related party details refer note no 22.

14. Deferred Tax Assets

(Amount in AUD)

Non-current

Deferred tax asset

Total

Group		Parent	
As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
3,333,367	3,783,825	-	-
3,333,367	3,783,825	-	-

Notes forming part of the Financial Statements

Movement in Deferred tax balance

(Amount in AUD)

March 31, 2020

Intangible
Doubtful debts
Unearned Income
Other temporary differences
Total

Opening	Recognised in profit & loss	Closing
3,649,034	(315,840)	3,333,194
58,011	(35,891)	22,120
73,273	19,669	92,942
3,507	(118,396)	(114,889)
3,783,825	(450,458)	3,333,367
3,964,874	(315,840)	3,649,034
184,167	(126,156)	58,011
2,059,237	(1,985,964)	73,273
(14,743)	18,250	3,507
6,193,535	(2,409,710)	3,783,825

March 31, 2019

Intangible
Doubtful debts
Unearned Income
Other temporary differences
Total

15. Share Capital

(Amount in AUD)

37,258,815 of face value of 1 AUD per share
(2019: 37,258,815) fully paid ordinary shares

Total

a. Ordinary Shares

At the beginning of reporting period

Total

Group		Parent	
As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
37,258,815	37,258,815	37,258,815	37,258,815
37,258,815	37,258,815	37,258,815	37,258,815
37,258,815	37,258,815	37,258,815	37,258,815
37,258,815	37,258,815	37,258,815	37,258,815

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 Limited's management manage capital in line with its objective to ensure the group 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, 2020, as with March 31, 2019 has 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.

Notes forming part of the Financial Statements

16. Reserves

a. 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, 2020 AUD (5,531) and in March 31, 2019 AUD 144,817.

b. Profit reserve

The profit reserve comprises the transfer of profit for the year. Dividend of AUD 15,000,000 distributed during the year for year ending March 31, 2020.

c. Dividend

(Amount in AUD)

Final dividend for FY 2019

Final dividend for FY 2018

March 31, 2020	March 31, 2019
15,000,000	-
-	5,000,000

17. Contingent Liabilities

The Company had no contingent liabilities or assets as at March 31, 2020 (Nil March 31, 2019).

18. Cash Flow Information

(Amount in AUD)

	Group		Parent	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Cash flows from operating activities:				
Profit for the year	11,016,054	8,784,766	14,999,964	4,997,097
Adjustment to reconcile profit or loss to net cash				
Depreciation and amortisation	18,874	11,183	-	-
Income tax expense	4,055,925	3,650,089	(15)	-
Dividend	-	-	(15,000,000)	(5,000,000)
Movement in foreign currency translation reserve	(150,348)	(281,033)	-	-
Finance cost	-	-	51	-
Exchange difference on translation of assets	(80,110)	(148)	-	-
Operating profit before working capital changes				
Net change in:				
(Increase)/decrease in trade and other receivables	(5,242,015)	21,103,795	-	-
(Increase)/decrease in other assets	1,722,033	(8,448,584)	-	2,903
Increase/(decrease) in trade and other payables	(1,081,797)	(14,477,773)	-	366,797
Increase/(decrease) other non current liabilities	-	(81,093)	-	-
Cash generated from operations	10,258,616	10,261,202	-	366,797
Income tax paid	(1,752,949)	(1,890,541)	-	-
Net Cash generated from operations	8,505,667	8,370,661	-	366,797

Notes forming part of the Financial Statements

19. Investment in Subsidiary

(Amount in AUD)

Non -Current

Investments in controlled entities at cost

As at March 31, 2020	As at March 31, 2019
300,000	33,548,928
300,000	33,548,928

During the year, TCS FNS Pty Limited de-registered its wholly owned subsidiary TCS Financial Solutions Australia (Holding) Pty Limited through a reorganization, whereby the assets and liabilities of TCS Financial Solutions Australia (Holding) Pty Limited were transferred to TCS FNS Pty Limited with no cash settlement involved.

The transaction is a common control transaction and a capital distribution in nature which resulted in a decrease of TCS FNS Pty Limited's investment in subsidiary balance by AUD 33,548,928 and recognition of net assets of AUD 9,833,349 on TCS FNS Pty Limited's statement of financial position. The balance of AUD 23,715,579 has been transferred to a common control reserve account as per the Group's accounting policy.

The Group's accounting policy stipulates accounting for common control transactions using the book values of assets and liabilities transferred. The excess of the consideration transferred, and the book value of net assets acquired is recorded directly in a common control reserve account,

The investment in TCS Financial Solutions Australia Pty Limited AUD 300,000 has been transferred to TCS FNS Pty Limited consequent to the reorganization and has resulted in TCS Financial Solutions Australia Pty Limited becoming the direct wholly owned subsidiary of TCS FNS Pty Limited.

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	
		As at March 31, 2020	As at March 31, 2019
TCS Financial Solutions Australia (Holding) Pty Limited	Australia	-	100
TCS Financial Solutions Australia Pty Limited	Australia	100	-

At reporting date, TCS Financial Solutions Australia Pty Limited has 100% equity interest in TCS Financial Solutions (Beijing) Co., Ltd.

20. Events After Balance Sheet Date

No matters or circumstances have arisen since the end of March, 2020 which significantly affect 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.

21. Risk Management

a. Financial assets and liabilities

The fair values of financial assets and financial liabilities as at March 31, 2020 and March 31, 2019 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 32,069,994 and AUD 34,694,926 as of March 31, 2020 and March 31, 2019, respectively being the total of the carrying amount of cash and cash equivalents, trade receivable, unbilled revenue, and other financial assets. Cash

Notes forming part of the Financial Statements

and cash equivalents are held with banks with high credit ratings. As of March 31, 2020, 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 Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Group 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:

(Amount in AUD)

March 31, 2020	Due in 1st year	Due in 2nd to 5th year	Total
Non derivative financial instruments			
Trade and other payables	3,912,967	-	3,912,967
Total	3,912,967	-	3,912,967
March 31, 2019			
Non derivative financial instruments			
Trade and other payables	4,994,765	-	4,994,765
Total	4,994,765	-	4,994,765

d Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company's transactions are principally in AUD, USD, CNY and BDT.

The management closely and continuously monitors 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 transactions of foreign currency risk is relatively limited in the medium term.

e Other risk - Impact of COVID-19

Financial assets of AUD 12,599,520 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Group has assessed the counterparty credit risk. Trade receivables of AUD 12,552,747 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Group has specifically evaluated the potential impact with respect to customers in Banking, Financial and Insurance Sector, which could have an impact with a lag. The Group closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of contract assets of AUD 6,651,687 while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables of AUD 104,463 is considered adequate.

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.

Notes forming part of the Financial Statements

Transactions with related parties

[Amount in AUD]

Particulars	With Tata Sons Limited, Ultimate Holding Company	With TCS Financial Solutions Australia (Holdings) Pty Ltd	With Tata Consultancy Services (Philippines) Inc, Fellow Company	With TCS China Co. Ltd., Fellow Company	Total
For the year ended March 31, 2020					
Revenue from sale of services and licenses	-	12,638,891	-	-	12,638,891
Purchases of goods and services (including reimbursement)	-	1,713,661	469,956	-	2,183,617
Interest charges on loans received	-	-	-	9,087	9,087
Brand equity contribution	6,223	-	-	-	6,223
Rent paid	-	13,980	-	230,031	244,011
Dividend Paid	-	15,000,000	-	-	15,000,000
Total	6,223	29,366,532	469,956	239,118	30,081,829
For the year ended March 31, 2019					
Revenue from sale of services and licenses	-	11,538,580	-	-	11,538,580
Purchases of goods and services (including reimbursement)	-	1,584,127	391,344	-	1,975,471
Interest charges on loans received	-	-	-	60,027	60,027
Brand equity contribution	6,837	-	-	-	6,837
Rent paid	-	13,980	-	1,065,285	1,079,265
Dividend Paid	-	5,000,000	-	-	5,000,000
Total	6,837	18,136,687	391,344	1,125,312	19,660,180

Notes forming part of the Financial Statements

Balances with related parties

[Amount in AUD]

Particulars	With Tata Sons Limited, Ultimate Holding Company	With TCS Financial Solutions Australia (Holdings) Pty Ltd	With Tata Consultancy Services (Philippines) Inc, Fellow Company	With TCS China Co. Ltd., Fellow Company	Total
As at March 31, 2020					
Trade receivables	-	6,784,032	-	-	6,784,032
Trade payables, accrued expenses	6,223	162,900	211,308	-	380,431
Other financial liabilities and Other liabilities					
Loan taken	-	-	-	910,478	910,478
Loan paid	-	-	-	910,478	910,478
Unbilled revenue	-	1,403,750	-	-	1,403,750
Prepaid expenses	-	162,825	-	-	162,825
Total	6,223	8,513,507	-	1,820,956	10,551,994
As at March 31, 2019					
Trade receivables	-	1,317,483	-	-	1,317,483
Trade payables, unearned and deferred revenue, Other financial liabilities and Other liabilities	6,837	786,852	83,566	283,862	1,161,117
Unearned income	-	2,876,928	-	-	2,876,928
Prepaid expenses	-	167,113	27,994	-	195,107
Total	6,837	5,148,376	111,560	283,862	5,550,635

TCS FNS Pty Ltd 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. Below tables include transactions entered during the year and balances as of March 31, 2020 and 2019.

As at March 31, 2020

[Amount in AUD]

Particulars	With Tata Consultancy Services Limited, Holding Company	With TCS Financial Solutions Australia (Holdings) Pty Ltd	With TCS Financial Solutions Australia Pty Limited, Subsidiary Company	Total
Dividend Income	-	(15,000,000)	-	(15,000,000)
Dividend declared	15,000,000	-	-	15,000,000
Trade and other receivables	-	-	7,513,189	7,513,189
Total	15,000,000	(15,000,000)	7,513,189	7,513,189

Notes forming part of the Financial Statements

(Amount in AUD)

As at March 31, 2019

Particulars

	With Tata Consultancy Services Limited, Holding Company	With TCS Financial Solutions Australia [Holdings] Pty Ltd	With TCS Financial Solutions Australia Pty Limited,Subsidiary Company	Total
Dividend declared	-	(5,000,000)	-	(5,000,000)
Dividend Income	5,000,000	-	-	5,000,000
Trade payables	-	3,505,877	-	3,505,877
Total	<u>5,000,000</u>	<u>(1,494,123)</u>	<u>-</u>	<u>3,505,877</u>

Directors' Declaration

1. In the opinion of the directors of TCS FNS Pty Limited ("the Company")
 - (a) The Company is not publicly accountable.
 - (b) The financial statements and notes, set out on pages (9.5 to 9.28), are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at March 31, 2020 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards - General 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

May 15, 2020

Independent Auditor's Report

To The Directors of TCS FNS Pty Limited

Opinion

We have audited the **Financial Report** of TCS FNS Pty Limited and controlled entities (the Group).

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 Group's financial position as at 31 March 2020 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:

- Statement of financial position as at 31 March 2020
- 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.

The Group consists of TCS FNS Pty Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

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 (including Independence Standards) (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.

Restriction on use and distribution

The Financial Report have been prepared for the purpose of fulfilling the Directors of TCS FNS Pty Limited's financial reporting responsibilities under the Corporations Act 2001 and section 3CA of the Taxation Administration Act 1953. The Audit Report has been requested and prepared to assist the Directors in relation to their due diligence in meeting their taxation obligations, and Corporations Act 2001 obligations to the shareholder only. As a result, the Financial Report and this Auditor's Report may not be suitable for other respective purposes. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Directors of TCS FNS Pty Limited and should not be used by parties other than the Directors.

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.

Other Information

Other Information is financial and non-financial information in TCS FNS 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 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 Group and Company's 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 Group and 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 the 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

May 15, 2020

TATA CONSULTANCY SERVICES BELGIUM
ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended
March 31, 2020

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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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 : 6/08/2019-2/08/2022

Kapur Amit

House 1527, Sector 16 . Faridabad, Haryana, India

Title : Director

Mandate : 6/08/2019- 2/08/2022

Mukherjee Ajoyendra

Prince Anwar Shah Road 375, 700068 West Bengal, India

Title : Director

Mandate : 6/08/2019- 2/08/2022

Gaitonde Pradeep

C19 Happyhome 21st Martin Road . Bandra West, Mumbai, India

Title : Director

Mandate : 6/08/2019- 2/08/2022

Klynveld Peat Marwick Goerdeler - Bedrijfsrevisoren (KPMG) CALL 0419.122.548

Luchthaven Brussel Nationaal 1, box K, 1930 Zaventem, Belgium

Title : Auditor, Membership number : B00001

Mandate : 31/05/2019- 30/05/2022

Represented by:

1. Carton Melissa

Luchthaven Brussel Nationaal 1 , box K, 1930 Zaventem, Belgium

Membership number : A02426

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 TO THE GENERAL MEETING OF SHAREHOLDERS

Dear Sirs,

We have the honour to report to you on the activities of the Company during the closed financial year and to submit the annual accounts closed on 31 March 2020 for approval in accordance with the legal and statutory stipulations.

1. Remarks on the annual accounts

1.1. Balance after appropriation

On June 20 2019, the extraordinary general meeting of shareholders approved the reallocation part of the profits carried forward. As a result, 10.000.000,00 EUR was distributed to the sole shareholder of the Company, Tata Consultancy Services Ltd.

Again on March 6 2020, the extraordinary general meeting of shareholders approved the reallocation part of the profits carried forward. As a result, 5.000.000,00 EUR was distributed to the sole shareholder of the Company, Tata Consultancy Services Ltd.

The fixed assets have increased from EUR 2.931.349,48 to EUR 3.751.445,96 for the closed financial year.

The current assets have increased from EUR 78.723.132,34 to EUR 110.726.223,98.

The net assets (equity) have decreased from EUR 43.607.979,66 to EUR 40.121.458,99 for the closed financial year.

The payables have increased from EUR 37.654.843,25 to EUR 73.826.955,11.

1.2. Income statement

Operating income	EUR	244.049.566,44
Operating charges [-]	EUR	[226.705.381,58]

The turnover of this year has increased from EUR 195.329.738,83 to EUR 233.349.089,77 i.e. with 19,46 percent as compared to the previous financial year.

The operating charges have increased from EUR 178.771.435,73 to EUR 226.705.381,58 , i.e. 26,81 percent as compared to the previous financial year.

The financial income has increased from EUR 559.300,26 to EUR 649.910,24.

The financial charges have increased from EUR 218.359,54 to EUR 587.287,52.

This has resulted in a profit before taxes amounting to EUR 17.406.807,58, as opposed to a profit before taxes amounting to EUR 28.669.160,60 for the previous financial year.

The taxes amount to EUR 5.893.328,25.

The Company has booked a profit of the financial year after taxes of EUR 11.513.479,33, as compared to EUR 19.969.160,60 for the previous financial year.

1.3. Appropriation of the result

We propose the following appropriation to you:

Profit of the financial year to be appropriated	EUR	11.513.479,33
Profit carried forward from the previous financial year	EUR	43.386.821,10
Profit to appropriate	EUR	54.900.300,43
Dividends*	EUR	15.000.000,00
Profit to carry forward	EUR	39.900.300,43

* Interim dividend distributed by the general meeting dd June 20, 2019 and March 6, 2020

2. Main risks and uncertainties

COVID 19 is a global pandemic which has given rise to an unprecedented economic scenario having future impact on the businesses across the world. Governments and organizations across the world have taken up drastic actions to address the challenges posed by this critical situation.

The company's operations and growth might be adversely impacted due to incapacitation of sections of the global workforce due to exposure to the pandemic, reduced employee productivity due to stress, inability to provide work from home access to some employees due to logistical or security or contractual reasons, and suppliers' inability to service the company.

Demand for the company's services may be adversely affected not only in industry segments directly impacted by the pandemic like travel and hospitality, but across other segments as well due to a sharp slowing down of the world's major economies. This is likely to affect the company's earnings in the short and medium term.

While the company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from:

- the inability of our customers to continue their businesses due to financial resource constraints or their services no longer being availed by their customers
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers not in a position to accept alternate delivery modes using Secured Borderless WorkSpaces
- customers postponing their discretionary spend due to change in priorities

The company continues to drive value for its Belgium customers by creating and delivering consulting, IT services synergistically, using our Business 4.0 framework, Location Independent Agile and Machine First Delivery Model (MFDM).

However, it is currently not feasible for the company to conclusively assess the implications and effects on future revenue streams.

Under the said circumstances, the company has taken the following measures to address the challenges;

- Regular connect with the employees through the Human Resources and leadership teams to address their COVID 19 related queries and for emotional support
- Deployment of TCS' Secure Borderless Workspaces (SBWS) infrastructure enabling employees to work from home and ensure business continuity
- Regular communication with customers and vendors about measures taken to maintain business services and reporting of their operations status.
- Regular assessment of the business requirement of the customers in the current situation
- Regular monitoring of funds to maintain adequate liquidity to meet the business commitments

With the exception of the risks and uncertainties related to the COVID 19 pandemic, we are of the opinion that the Company is not subject to any specific risks or uncertainties.

In the said circumstances above, considering the positive liquidity position and the possibility to re-align the cost structure to maintain profitability, the company has not identified any risks to the existence of the company as a going concern.

3. Information on the important events after the closing of the financial year

There were no significant subsequent events that have occurred after the end of the financial year under review other than the COVID 19 pandemic.

The company is debt-free and has bank balances of EUR 21,066,166.23 as at March, 31 2020. These balances are unencumbered and are at the free disposal of the company. The aforesaid balances constitute 18.40 percent of total assets (EUR 114,477,669.94) and 52.51 percent of the equity (EUR 40,121,458.99) and thus assures liquidity for the company.

The company believes that it has the financial strength and a portfolio of technology and business solutions which are even more relevant in partnering with its customers to make them realize their goals.

The company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price projects and incorporated the impact of likely delays / increased cost in meetings its obligations, revision of service level agreements etc.

The company is regularly monitoring its trade receivables with close attention to the customers who might be undergoing financial stress.

The company does not foresee any large-scale contraction in demand which could result in significant employee down-sizing, rendering the physical infrastructure redundant. Accordingly, no changes are anticipated in the long term leases for the premises taken on lease.

The board of directors will continue to monitor the situation and take measures as per the requirements for the benefit of the company.

4. Circumstances which can significantly influence the development of the company

With the exception of the economic and financial fallout due to COVID 19 pandemic , we do not foresee any circumstances worth mentioning that can influence the development of the company significantly.

5. Research and development

During the closed financial year there were no activities were carried out in the field of research and development.

6. Conflict of interest in the board of directors (article 7:96 of the code of companies and associations)

We mention that during the financial year there were no conflicts of interests that fall within the scope of article 7:96 of the code of companies and associations.

7. Announcement regarding the use of financial instruments by the company in so far that these are of importance for the review of its assets, liabilities, its financial situation and its results

The company does not use such instruments.

8. Branch offices

The company does not own any branches.

9. Capital mutations and issue of convertible bonds and warrants as decided by the board of directors in the course of the financial year

The board of directors notifies that there were no capital mutations during the financial year to be reported in conformity with article 7:203 of the code of companies and associations, nor were there convertible bonds or warrants issued after a decision of the board of directors.

10. Acquisition of own shares

The board of directors notifies that neither the company nor a direct subsidiary nor a person acting in own name but for the account of the company or a direct subsidiary has acquired shares, profit certificates or certificates of the company.

We hope that you will approve the attached annual accounts and will also grant discharge to the directors and the statutory auditor for the acts carried out during the execution of their mandate during the closed financial year.

..... 2020

In the name and on behalf of the board of directors,

Pradeep Gaitonde

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF TATA CONSULTANCY SERVICES BELGIUM NV ON THE ANNUAL ACCOUNTS AS OF AND FOR THE YEAR ENDED 31 MARCH 2020

FREE TRANSLATION OF UNQUALIFIED STATUTORY AUDITOR'S REPORT ORIGINALLY PREPARED IN DUTCH

In the context of the statutory audit of the annual accounts of TATA Consultancy Services Belgium NV ("the Company"), we provide you with our statutory auditor's report. This includes our report on the annual accounts for the year ended 31 March 2020, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 31 May 2019, 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 2022. We have performed the statutory audit of the annual accounts of TATA Consultancy Services Belgium NV for four consecutive financial years.

Report on the annual accounts

Unqualified opinion

We have audited the annual accounts of the Company as of and for the year ended 31 March 2020, prepared in accordance with the financial reporting framework applicable in Belgium. These annual accounts comprise the balance sheet as at 31 March 2020, the income statement for the year then ended and notes. The balance sheet total amounts to EUR 114.477.670 and the income statement shows a profit for the year of EUR 11.513.479.

In our opinion, the annual accounts give a true and fair view of the Company's equity and financial position as at 31 March 2020 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") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB applicable for the current accounting year while these have not been adopted in Belgium yet. 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 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.

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the annual accounts in Belgium. The scope of the statutory audit of the annual accounts does not extend to providing assurance on the future viability of the Company nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Company.

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.

Other legal and regulatory 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, 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 or, as from January 1, 2020, the Companies' and Associations' 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 or, as from January 1, 2020, the Companies' and Associations' Code and with the Company's 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 3:5 and 3:6 of the Companies' and Associations' 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.

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 3:12 §1 8° of the Companies' and Associations' 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 engagement.

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.

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 or, as from January 1, 2020, the Companies' and Associations' Code.

Zaventem, xxx May 2020

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor represented by

Melissa Carton
Réviseur d'Entreprises / Bedrijfsrevisor

Balance Sheet

(EUR)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
FORMATION EXPENSES	6.1	3.751.445,96	2.931.349,48
FIXED ASSETS			
Intangible fixed assets	6.2	616.398,51	
Tangible fixed assets	6.3	3.131.347,45	2.927.649,48
Land and buildings			
Plant, machinery and equipment		2.678.594,27	2.905.994,95
Furniture and vehicles		209.824,00	21.654,53
Leasing and other rights			
Other tangible fixed assets			
Tangible assets under construction and advance payments made		242.929,18	
Financial fixed assets		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		110.726.223,98	78.723.132,34
Amounts receivable after more than one year			
Trade debtors			
Other amounts receivable			
Stocks and contracts in progress		18.828.351,25	12.446.526,68
Stocks			
Raw materials and consumables			
Work in progress			
Finished goods			
Goods purchased for resale			
Immovable property intended for sale			
Advance payments			
Contracts in progress		18.828.351,25	12.446.526,68
Amounts receivable within one year		69.552.433,88	56.956.157,20
Trade debtors		68.308.810,96	56.039.304,73
Other amounts receivable		1.243.622,92	916.852,47
Current investments		0,26	0,26
Own shares			
Other investments and deposits		0,26	0,26
Cash at bank and in hand		21.066.166,23	7.925.869,03
Deferred charges and accrued income		1.279.272,36	1.394.579,17
TOTAL ASSETS		114.477.669,94	81.654.481,82

Continued

(EUR)

EQUITY AND LIABILITIES

EQUITY

Capital

Issued capital

Uncalled capital⁴

Share premium account

Revaluation surpluses

Reserves

Legal reserve

Reserves not available

In respect of own shares held

Others

Untaxed reserves

Available reserves

Accumulated profits (losses) .(+)/(-)

Investment grants

Advance to associates on the sharing out of the assets ⁵

PROVISIONS AND DEFERRED TAXES

Provisions for liabilities and charges

Pensions and similar obligations

Taxation

Major repairs and maintenance

Environmental liabilities

Other risks and costs

Deferred taxes

Note	As at March 31, 2020	As at March 31, 2019
	40.121.458,99	43.607.979,66
6.7.1	188.658,56	188.658,56
	325.000,00	325.000,00
	136.341,44	136.341,44
	32.500,00	32.500,00
	32.500,00	32.500,00
	39.900.300,43	43.386.821,10
	529.255,84	391.658,91
	529.255,84	391.658,91
6.8	529.255,84	391.658,91

4. Amount to be deducted from the issued capital.

5. Amount to be deducted from the other components of equity.

Continued.

Continued

(EUR)

	Note	As at March 31, 2020	As at March 31, 2019
AMOUNTS PAYABLE		73.826.955,11	37.654.843,25
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	73.432.836,63	36.567.159,69
Current portion of amounts payable after more than one year falling due within one year			
Financial debts			
Credit institutions			
Other loans			
Trade debts		58.212.141,49	23.293.151,94
Suppliers		58.212.141,49	23.293.151,94
Bills of exchange payable			
Advances received on contracts in progress		2.057.928,87	1.649.405,72
Taxes, remuneration and social security	6.9	13.162.766,27	11.624.602,03
Taxes		7.692.125,92	7.519.953,14
Remuneration and social security		5.470.640,35	4.104.648,89
Other amounts payable			
Accrued charges and deferred income	6.9	394.118,48	1.087.683,56
TOTAL LIABILITIES		114.477.669,94	81.654.481,82

Income Statement

(EUR)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
OPERATING INCOME AND CHARGES			
		244.049.566,44	207.099.655,61
Turnover	6.10	233.349.089,77	195.329.738,83
Increase (decrease) in stocks of finished goods, work and contracts in progress (+)/(-)		6.381.824,57	8.144.998,15
Own construction capitalised			
Other operating income	6.10	4.318.652,10	3.624.918,63
Non-recurring operating income	6.12		
OPERATING CHARGES			
		226.705.381,58	178.771.435,73
Raw materials, consumables		150.551.376,90	113.213.947,05
Purchases		150.551.376,90	113.213.947,05
Decrease (increase) in stocks (+)/(-)			
Services and other goods		13.464.653,58	10.165.308,45
Remuneration, social security costs and pensions (+)/(-)	6.10	61.374.432,97	55.231.355,85
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets		1.053.632,16	50.221,09
Increase, Decrease in amounts written off stocks contracts in progress and trade debtors: Appropriations (write-backs) (+)/(-)		(632,17)	
Provisions for risks and charges - Appropriations (uses and write-backs) (+)/(-)	6.10	136.434,89	18.108,94
Other operating charges	6.10	125.483,25	92.494,35
Operation charges carried to assets as restructuring costs. (+)/(-)			
Non-recurring operating charges	6.12		
OPERATING PROFIT (LOSS) .(+)/(-)			
		17.344.184,86	28.328.219,88

Continued

(EUR)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
FINANCIAL INCOME		649.910,24	559.300,26
Recurring financial income		649.910,24	559.300,26
Income from financial fixed assets		401,79	268,49
Income from current assets		51.933,80	71.143,60
Other financial income	6.11	597.574,65	487.888,17
Non-recurring financial income	6.12		
FINANCIAL CHARGES	6.11	587.287,52	218.359,54
Recurring financial charges		587.287,52	218.359,54
Debt charges			268,65
Amounts written down on current assets except stocks, contracts in progress and trade debtors. (+)/(-)			
Other financial charges		587.287,52	218.090,89
Non recurring financial charges	6.12		
PROFIT (LOSS) FOR THE PERIOD BEFORE TAXES (+)/(-)		17.406.807,58	28.669.160,60
Transfer from postponed taxes			
Transfer to postponed taxes			
INCOME TAXES (+)/(-)	6.13	5.893.328,25	8.700.000,00
Income taxes		5.934.675,24	8.700.000,00
Adjustment of income taxes and write-back of tax provisions		41.346,99	
PROFIT (LOSS) FOR THE PERIOD (+)/(-)		11.513.479,33	19.969.160,60
Transfer from untaxed reserves			
Transfer to untaxed reserves			
PROFIT (LOSS) FOR THE PERIOD AVAILABLE FOR APPROPRIATION (+)/(-)		11.513.479,33	19.969.160,60

Appropriation Account

(EUR)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit (loss) to be appropriated (+)/(-)	54.900.300,43	53.386.821,10
Gain (loss) to be appropriated (+)/(-)	11.513.479,33	19.969.160,60
Profit (loss) to be carried forward (+)/(-)	43.386.821,10	33.417.660,50
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 (+)/(-)	39.900.300,43	43.386.821,10
Owner's contribution in respect of losses		
Profit to be distributed	15.000.000,00	10.000.000,00
Dividends	15.000.000,00	10.000.000,00
Director's or managers' entitlements		
Workers		
Other beneficiaries		

Notes forming part of the Financial Statements

6.2.3 CONCESSIONS, PATENTS, LICENCES, KNOWHOW, BRANDS AND SIMILAR RIGHTS

(EUR)

	As at March 31, 2020	As at March 31, 2019
Acquisition value at the end of the period	-	
Movements during the period		
Acquisitions, including produced fixed assets	818.800,76	
Sales and disposals		
Transfers from one heading to another (+)/(-)		
Acquisition value at the end of the period	818.800,76	
Depreciation and amounts written down at the end of the period	-	-
Movements during the period		
Recorded	202.402,25	
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	202.402,25	
NET BOOK VALUE AT THE END OF THE PERIOD	616.398,51	

Notes forming part of the Financial Statements

6.3.2 PLANT, MACHINERY AND EQUIPMENT

(EUR)

	As at March 31, 2020	As at March 31, 2019
Acquisition value at the end of the period	-	2.905.994,95
Movements during the period		
Acquisitions, including produced fixed assets	601.358,65	
Sales and disposals		
Transfers from one heading to another(+)/(-)		
Acquisition value at the end of the period	3.507.353,60	
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	-	
Movements during the period		
Recorded	828.759,33	
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	828.759,33	
NET BOOK VALUE AT THE END OF THE PERIOD	2.678.594,27	

Notes forming part of the Financial Statements

6.3.3 FURNITURE AND VEHICLES

	As at March 31, 2020	(EUR) As at March 31, 2019
Acquisition value at the end of the period	-	787.179,26
Movements during the period		
Acquisitions, including produced fixed assets	210.640,05	
Sales and disposals		
Transfers from one heading to another (+)/(-)		
Acquisition value at the end of the period	997.819,31	
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	-	765.524,73
Movements during the period		
Recorded	22.470,58	
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	787.995,31	
NET BOOK VALUE AT THE END OF THE PERIOD	209.824,00	

Notes forming part of the Financial Statements

6.3.6 ASSETS UNDER CONSTRUCTION AND ADVANCED PAYMENTS

	(EUR)	
	As at March 31, 2020	As at March 31, 2019
Acquisition value at the end of the period	-	-
Movements during the period		
Acquisitions, including produced fixed assets	242.929,18	
Sales and disposals		
Transfers from one heading to another (+)/(-)		
Acquisition value at the end of the period	242.929,18	
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	-	
Movements during the period		
Recorded		
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		
NET BOOK VALUE AT THE END OF THE PERIOD	242.929,18	

Notes forming part of the Financial Statements

6.4.1 STATEMENT OF FINANCIAL FIXED ASSETS

(EUR)

	As at March 31, 2020	As at March 31, 2019
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		
Sales and disposals		
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		
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	1.000,00	
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		
Repayments		
Amounts written down		
Amounts written back		
Exchange differences (+)/(-)		
Other (+)/(-)		
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

	As at March 31, 2020	(EUR) As at March 31, 2019
OTHER 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		
OTHER 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

List of both enterprises in which the enterprise holds a participating interest (recorded in the headings 280 and 282 of assets) and other enterprises in which the enterprise holds rights (recorded in the headings 284 and 51/53 of assets) in the amount of at least 10% of the capital issued.

(EUR)

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 NV Rue Pafebruch 89D 8308 Capellen Luxembourg	Ordinary shares	1	0,01	0,00	31/03/2019	EUR	10.477.917	3.814.936

6.6 OTHER INVESTMENTS AND DEPOSIT, DEFERRED CHARGES AND ACCRUED INCOME (ASSETS)

(EUR)

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

With residual term or notice of withdrawal

up to one month

between one month and one year

over one year

Other investments not mentioned above

As at March 31, 2020	As at March 31, 2019
0,26	0,26
0,26	0,26

(EUR)

DEFERRED CHARGES AND ACCRUED INCOME

Allocation of heading 490/1 of assets if the amount is significant.

Deferred operating expenses

As at March 31, 2020
1.279.272,36

Notes forming part of the Financial Statements

6.7.1 STATEMENT OF CAPITAL AND SHAREHOLDING STRUCTURE

	(EUR)
	As at March 31, 2020
STATEMENT OF CAPITAL	As at March 31, 2019
Social capital	
Issued capital at the end of the period	-
Issued capital at the end of the period	325.000,00
	325.000,00

	(EUR)
	Amounts
Changes during the period	Number of shares
Structure of the capita	
Different categories of shares	
Without face value	325.000,00
Registered shares	1.300
Shares dematerialized	-
	1.300

	(EUR)
	Uncalled Capital
Capital not paid	Capital called, but not paid
Uncalled capital	136.341,44
Capital called, but not paid	-
Shareholders having yet to pay up in full	
Tata Consultancy Services Ltd	136.341,44

	(No.)
	As at March 31, 2020
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 and Article 632 §2; the act of May 2 2007 on the disclosure of major holdings, Article 14, paragraph four; and the Royal Decree of August 21 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, 2020
ANALYSIS OF THE HEADING 164/5 OF LIABILITIES IF THE AMOUNT IS SIGNIFICANT	
Provisions for foreseeable Losses on Projects	174.957,50
Provisions for other liabilities	354.298,34

Notes forming part of the Financial Statements

6.9 STATEMENT OF AMOUNTS PAYABLE, ACCRUED CHARGES AND DEFERRED INCOME

	(EUR)
	As at March 31, 2020
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, 2020
Taxes (headings 450/3 and 178/9 of the liabilities)	
Expired taxes payable	
Non expired taxes payable	7.692.125,92
Estimated taxes payable	
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	5.470.640,35

ACCRUED CHARGES AND DEFERRED INCOME

	(EUR)
	As at March 31, 2020
Allocation of heading 492/3 of liabilities if the amount is significant	
Accrued operating expenses	394.118,48

Notes forming part of the Financial Statements

6.10 OPERATING RESULTS

(EUR)

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

Average number of employees calculated in full-time equivalents

Number of actual worked hours

Personnel costs

Remuneration and direct social benefits

Employers' social security contributions

Employers' premiums for extra statutory insurances

Other personnel costs

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

Written back

Provisions for risks and charges

Additions

Uses and write-back

Other operating charges

Taxes related to operation

Other charges

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)

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

597.574,65

487.888,17

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

Exchange differences

32.231,25

13.080,89

555.055,64

205.010,00

6.13 INCOME TAXES AND OTHER TAXES

(EUR)

INCOME TAXES

Income taxes on the result of the period

Income taxes paid and withholding taxes due or paid

Excess of income tax prepayments and withholding taxes paid recorded under assets

Estimated additional taxes

5.934.675,24

6.500.060,27

565.385,03

Income taxes on the result of prior periods

Additional income taxes due or paid

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

Deduction for risk capital

Disallowed expenses

37.199,17

2.626.421,91

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

Deferred taxes representing liabilities

Allocation of deferred taxes representing liabilities

Notes forming part of the Financial Statements

(EUR)

VALUE ADDED TAXES AND OTHER TAXES BORNE BY THIRD PARTIES

Value added taxes charged

To the enterprise (deductible)

By the enterprise

Amounts withheld on behalf of third party

For payroll withholding taxes

For withholding taxes on investment income

Year ended March 31, 2020	Year ended March 31, 2019
38.196.850,70	27.917.949,81
83.546.487,77	65.855.091,15
17.244.867,10	16.241.362,21

6.14 RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

(EUR)

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

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

Year ended March 31, 2020
400.000,00

(EUR)

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

Year ended March 31, 2020
-
-
-

Notes forming part of the Financial Statements

(EUR)

COMMITMENTS RELATING TO TECHNICAL GUARANTEES IN RESPECT OF SALES OR SERVICES

AMOUNT, NATURE AND FORM CONCERNING LITIGATION AND OTHER IMPORTANT COMMITMENTS

Bank guarantee for certain projects

1.300.000,00

Rental deposit

54.150,00

SUPPLEMENT RETIREMENTS OR SURVIVORS PENSION PLANS IN FAVOUR OF THE PERSONNEL OR THE EXECUTIVES OF THE ENTERPRISE

Brief description

The companies foresee in an additional system of employee pension benefits plan, not in management, calculated on the basis of the number of years of service and the salary of the concerned person. This commitment is a group insurance of the type defined contribution.

Since the new regulations, this insurance type is subject to a minimum return guaranteed by the employer. As at closing date, the minimum return is still covered by the insurance company.

Measures taken by the enterprise to cover the resulting charges

(EUR)

PENSIONS FUNDED BY THE ENTERPRISE

Estimated amount of the commitments resulting from past services

Methods of estimation

NATURE AND FINANCIAL IMPACT OF SIGNIFICANT EVENTS AFTER THE CLOSING DATE NOT INCLUDED IN THE BALANCE SHEET OR THE INCOME STATEMENT

COMMITMENTS TO PURCHASE OR SALE AVAILABLE TO THE COMPANY AS ISSUER OF OPTIONS FOR SALE OR PURCHASE

NATURE AND COMMERCIAL OBJECTIVE OF TRANSACTIONS NOT REFLECTED IN THE BALANCE SHEET

Provided that the risks or advantages coming from these transactions are significant and if the disclosure of the risks or advantages is necessary to appreciate the financial situation of the company

OTHER RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET (including those which can not be quantified)

Rental agreement for office space until December 2023

916.889,85

Committed purchases of goods and services as a result of signed purchase orders

245.381,47

Notes forming part of the Financial Statements

6.15 RELATIONSHIPS WITH AFFILIATED ENTERPRISES, ASSOCIATED ENTERPRISES AND OTHERS ENTERPRISES LINKED BY PARTICIPATING INTERESTS

(EUR)

	Year ended March 31, 2020	Year ended March 31, 2019
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	5.981.772,18	4.516.138,68
Over one year		
Within one year	5.981.772,18	4.516.138,68
Current investments		
Shares		
Amounts receivable		
Amounts payable	53.772.228,50	14.595.974,38
Over one year		
Within one year	53.772.228,50	14.595.974,38
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		

(EUR)

	Year ended March 31, 2020	Year ended March 31, 2019
ASSOCIATED ENTERPRISES	-	-

(EUR)

	Year ended March 31, 2020
TRANSACTIONS WITH ENTERPRISES LINKED BY PARTICIPATING INTERESTS OUT OF MARKET CONDITIONS	-

Notes forming part of the Financial Statements

6.16 FINANCIAL RELATIONSHIPS WITH

(EUR)

DIRECTORS, MANAGERS, INDIVIDUALS OR BODIES CORPORATE WHO CONTROL THE ENTERPRISE WITHOUT BEING ASSOCIATED THEREWITH OR OTHER ENTERPRISES CONTROLLED BY THESE PERSONS

Year ended March 31, 2020
-

(EUR)

AUDITORS OR PEOPLE THEY ARE LINKED TO

Auditor's fees

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

Year ended March 31, 2020
26.385,32

Mentions related to article 134 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.

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 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

Notes forming part of the Financial Statements

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 Services 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 changed (not changed) in wording and application as compared to the preceding financial period; if so, the 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:

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 diminutions 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.

Notes forming part of the Financial Statements

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 (102,2 FTE in 2020 en 111,6 FTE in 2019). Costs incurred towards the seconded employees of TCS Limited (TCSL), (2020:43.843.138,24 EUR; 2019:37.292.521,90 EUR) the parent company of TCS Belgium have also been accounted under this classification. The employees of TCSL (941 FTE in 2020 and 850 FTE in 2019) 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.

3) The Board of directors decided on June 20 2019 to distribute an interim dividend of 10.000.000 EUR and on March 6 2020 to distribute an interim dividend of 5.000.000 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 :

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:

Assets	Method S (straightline) R (reducing balance) O (other)	Basis NR (non-revalued) R (revalued)	Depreciation rate	
			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).

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), consideration and rental relating to the financial period if the leased immovable property, amount to: EUR.

6.20 OTHER INFORMATIONS TO DISCLOSE

COVID 19 is a global pandemic which has given rise to an unprecedented economic scenario having future impact on the businesses across the world. The aspects evaluated by the company in the current situation are:

The company believes that it has the financial strength, a portfolio of technology and business solutions which are even more relevant in partnering with its diversified base of customers to make them realize their goals.

The company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price projects and incorporated the impact of likely delays/increased cost in meetings its obligations, revision of service level agreements etc.

The company is regularly monitoring its trade receivables with close attention to the customers who might be undergoing financial stress.

The company is debt-free and has bank balances of EUR 21.066.166,23 as at March, 31 2020. These balances are unencumbered and are at the free disposal of the Company. The aforesaid balances constitute 18,40 percent of total assets (EUR 114.477.669,94) and 52,51 percent of the equity (EUR 40.121.458,99) and thus assures liquidity for the company.

The company does not foresee any large-scale contraction in demand which could result in significant employee down-sizing, rendering the physical infrastructure redundant. Accordingly, no changes are anticipated in the long term leases of its office premises.

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

Average number of employees

Full-time

99,8

85,3

14,5

Part-time

2,4

1,4

1,0

Total in full-time equivalents

102,2

86,7

15,5

Number of hours actually worked

Full-time

195.936

169.868

26.068

Part-time

2.328

1.856

472

Total

198.264

171.724

26.540

Personnel costs

Full-time

60.582.523,05

57.795.309,31

2.787.213,74

Part-time

791.909,92

681.709,91

110.200,01

Total

61.374.432,97

58.477.019,22

2.897.413,75

Advantages in addition to wages

99.723,00

79.461,00

20.262,00

During the preceding period

Average number of employees in FTE

P. Total

1P. Men

2P. Women

111,6

99,5

12,1

Number of hours actually worked

177.876

157.948

19.928

Personnel costs

55.231.355,85

50.356.492,05

4.874.863,80

Advantages in addition to wages

89.809,00

74.745,00

15.064,00

At the closing date of the period

Number of employees

110

2

111,7

By nature of the employment contract

Contract for an indefinite period

110

2

111,7

Contract for a definite period

Contract for the execution of a specifically assigned work

.Replacement contract

According to gender and study level

Men

90

1

90,8

primary education

72

1

72,8

secondary education

higher non-university education

8

8,0

university education

10

10,0

Women

20

1

20,9

primary education

10

1

10,9

secondary education

higher non-university education

1

1,0

university education

9

9,0

By professional category

Management staff

Employees

110

2

111,7

Workers

Others

HIRED TEMPORARY STAFF AND PERSONNEL PLACED AT THE ENTERPRISE'S DISPOSAL

During the period

Average number of persons employed
Number of hours actually worked
Costs for the enterprise

1. Hired temporary staff	2. Persons placed at the enterprise's disposal

LIST OF PERSONNEL MOVEMENTS DURING THE PERIOD

ENTRIES

Number of employees for whom the enterprise submitted a DIMONA declaration or who have been recorded in the general personnel register during the financial year

By nature of employment contract

Contract for an indefinite period
Contract for a definite period
Contract for the execution of a specifically assigned work
Replacement contract

1. Full-time	2. Part-time	3. Total full-time equivalents
43	1	43,8
43	1	43,8

DEPARTURES

Number of employees whose contract-termination date has been entered in DIMONA declaration or in the general personnel register during the financial year

By nature of employment contract

Contract for an indefinite period
Contract for a definite period
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
Other reason
Of which the number of persons who continue to render services to the enterprise at least half-time on a self-employed basis

1. Full-time	2. Part-time	3. Total full-time equivalents
25		25,0
25		25,0
3		3,0
22		22,0

INFORMATION ON TRAINING PROVIDED TO EMPLOYEES DURING THE PERIOD

Total of initiatives of formal professional training at the expense of the employer	Men	Women
Number of employees involved		
Number of actual training hours		
Net costs for the enterprise		
of which gross costs directly linked to training		
of which fees paid and payments to collective funds		
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, 2020

Translation - Audit Report

The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original.

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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1. AUDIT ENGAGEMENT

At the shareholders' meeting held on August 22, 2019, of
Tata Consultancy Services Deutschland GmbH, Frankfurt am Main,

- hereinafter also referred to as 'TCSD' or the 'Company' –

we were elected as auditor for the financial year from April 1, 2019, to March 31, 2020.

Accordingly, management has engaged us to audit the annual financial statements for the year ended March 31, 2020, together with the accounting records and the management report.

The terms governing this engagement are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on 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 REPRODUCTION OF THE INDEPENDENT AUDITOR'S REPORT

Based on the results of our audit, we have issued the following unqualified audit opinion:

Independent Auditor's Report

To Tata Consultancy Services Deutschland GmbH, Frankfurt am Main

Opinions

We have audited the annual financial statements of Tata Consultancy Services Deutschland GmbH, Frankfurt am Main, which comprise the balance sheet as of March 31, 2020, the income statement for the financial year from April 1, 2019, to March 31, 2020, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Tata Consultancy Services Deutschland GmbH, for the financial year from April 1, 2019, to March 31, 2020. In accordance with German legal requirements, we have not audited the content of the corporate governance statement pursuant to Section 289f (4) HGB [Handelsgesetzbuch: German Commercial Code] (disclosures on the quota for women on executive boards), which is included in Section IV of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of March 31, 2020, and of its financial performance for the financial year from April 1, 2019, to March 31, 2020, in accordance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the corporate governance statement mentioned above.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional

responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Other Information

Management is responsible for the other information. The other information comprises the corporate governance statement pursuant to Section 289f (4) HGB (disclosures on the quota for women on executive boards).

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of a management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Frankfurt am Main, May 28, 2020

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Rataj

Wirtschaftsprüfer

[German Public Auditor]

Berger

Wirtschaftsprüferin

[German Public Auditor]

3 BASIC FINDINGS

3.1 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 39,037 to KEUR 558,135 compared to financial year 2018/2019 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 were exceeded, while net income fell short of expectations. In the prior year, a slight increase in both revenue and net income for the year was expected. An increase in revenue of KEUR 39,037 was achieved in the financial year, which corresponds to a year-on-year rise of 7.52 %. The increase in revenue is primarily attributable to revenue generated in the new divisions Tata Consultancy Services (TCS) Cloud, digital transformation, life sciences and healthcare, energy and utilities, banks and financial services and insurance.
- Net income for the year of KEUR 20,432 was below expectations. The reason for this are the higher expenses for internal and external employees. Total operating performance, comprising revenue and change in inventories, increased compared to financial year 2018/2019 from KEUR 530,519 to KEUR 596,093 in financial year 2019/2020, while the gross profit margin of 40.6 % was slightly above the prior-year figure of 39.0 %. Accordingly, net income for the year decreased by KEUR 12,088.
- Assets increased compared to March 31, 2019, from KEUR 223,490 to KEUR 330,746, primarily due to the increase in cash and cash equivalents and work in process. This development reflects the increased business volume.
- Equity declined compared to March 31, 2019, by KEUR 14,568 to KEUR 51,069. The equity ratio equals 15.4 % (PY: 29.4 %). The decline in the equity ratio is primarily attributable to the distribution of profits of KEUR 35,000 during the financial year.
- The rise in provisions by KEUR 40,499 is primarily attributable to the provisions for outstanding invoices reported under other provisions (KEUR 44,274; PY: KEUR 17,741) and provisions for warranties (KEUR 14,571; PY: presentation under payments received), while tax provisions fell from KEUR 13,057 to KEUR 9,183.
- Liabilities to affiliated companies increased compared to March 31, 2019, by KEUR 22,017 to KEUR 32,741; this is largely due to the increase in the work allocated to affiliated companies in line with the increase in revenue.
- In order to achieve levels of growth above the sector average in financial year 2020/2021 and in subsequent years, management plans to position its services at new customers and tap new business areas with existing customers. Investments were made in Germany in the reporting year to expand TCS Enterprise Cloud and Digital Services & Solutions. Both areas present significant opportunities for the Company to create new services and solutions. The Company intends to appeal to and further expand the SME segment in Germany.
- In financial year 2020/2021 it is expected that growth momentum with regard to revenue and net income will be negatively affected by the COVID-19 pandemic. However, it is not currently possible for management to issue a statement on the intensity of the negative impact with sufficient certainty. Taking the COVID-19 situation into account and based on the current state of knowledge, the Company forecasts the annual growth rate in 2020/21 to be lower than annual growth in financial year 2019/20, which will result in a commensurate decline in the net income for the year.
- Management has not identified any risks that cast significant doubt on the Company's ability to continue as a going concern.
- 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 for the Company. As of the reporting date receivables and bank balances denominated in US dollar amounted to KEUR 8,513. These contrast with USD liabilities of KEUR 1,502.
- 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. In light of the current COVID-19 situation, management is regularly monitoring trade receivables with a particular focus on customers who may be under financial strain.

As a result of our audit, we found that the management report, as a whole, provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with German legal requirements, we have not audited the content of the corporate governance statement (disclosures on the quota for women on executive boards), which is included in the management report.

3.2 Violations of other regulations

Supervisory Board according to the German One-Third Participation Act [Drittelbeteiligungsgesetz]

The Company employed more than 500 staff in the year under review. A Supervisory Board pursuant to Section 1 (1) no. 3 of the German One-Third Participation Act [Drittelbeteiligungsgesetz] is yet to be established.

4 PERFORMANCE OF THE AUDIT

4.1 Scope of the audit

We have audited the annual financial statements of Tata Consultancy Services Deutschland GmbH, which comprise the balance sheet, the income statement and the notes to the financial statements, including the accounting records, and management report for the financial year ended March 31, 2020.

Our responsibility is to express an opinion on these annual financial statements and the management report based on our audit.

An audit only covers compliance with other regulations to the extent that these other regulations can be expected to have an impact on the annual 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.

The contents of the corporate governance statement pursuant to Section 289f HGB (disclosures on the quota for women on executive boards), included in the management report, are not within the scope of our audit in accordance with Section 317 (2) sentence 6 HGB. In the course of our audit it is only necessary to determine whether the disclosures pursuant to Section 289f (2) HGB have been made.

As presented in the independent auditor's report, our opinions on the annual financial statements and the management report do not cover the other information, and consequently we do not express an opinion or any form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information is materially inconsistent with the annual financial statements, with the management report information audited for content or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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.

4.2 Nature and scope of audit procedures

The general principles of our audit approach are already presented in the independent auditor's report (see Section 2 of this report). In addition, we provide the following information on our audit approach and audit performance:

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

Establishing audit focus areas based on our risk assessment:

- Audit of the process of preparing the annual 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

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

Assessment of the design and effectiveness of selected accounting-related controls

Phase III: Tests of details and analytical review of items in the annual financial statements

Performance of analytical reviews of items in the annual financial statements

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 confirmations from customers on the basis of a representative sample
 - Obtaining confirmations of supplier balances based on specified samples
-

Review of disclosures in the notes and assessment of the management report

Phase IV: Overall assessment of audit results and reporting

Formation of the audit opinion on the basis of the overall assessment of audit results

Reporting in the audit report and the independent auditor's report

Detailed oral presentation of audit results to management

We performed our audit in the months of April 2020 to May 2020, until May 28, 2020.

All explanations and evidence requested by us were provided. The management confirmed in writing that the accounting records, the annual financial statements and the management report are complete.

5 FINDINGS ON ACCOUNTING AND FINANCIAL REPORTING

5.1 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 legal requirements.

Based on our audit, we found that the organizational and technical measures taken by the Company are appropriate to ensure the security of IT systems and accounting-related data processed.

5.2 Annual financial statements

The annual financial statements as of March 31, 2020, 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 annual financial statements. The German legal recognition, presentation and measurement requirements have been observed, in all material respects.

The balance sheet and income statement have been prepared, in all material respects, in accordance with the provisions of German commercial law applicable to corporations, including the German legally required accounting principles. The notes to the financial statements include all legally required information.

The protective clause referred to in Section 286 (4) HGB has been properly applied.

5.3 Management report

The management report prepared by management, in all material respects, complies with German legal requirements.

In accordance with German legal requirements, we have not audited the content of the corporate governance statement (disclosures on the quota for women on executive boards), which is included in the management report.

6 OPINION ON THE OVERALL PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS

6.1 Comments on overall presentation

The accounting policies applied to the annual financial statement items, in all material respects, comply with the requirements of German commercial law applicable to corporations. These are described in the notes to the financial statements (see Appendix 1.3 Section III).

The following transactions were carried out which had a material effect on the overall presentation of the annual 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 8,555 as of the balance sheet date.

6.2 Conclusion on the overall presentation of the annual financial statements

Based on an overall consideration of the accounting policies and material transactions described above, we are of the opinion that the annual financial statements give a true and fair view of the assets, liabilities and financial position of the Company and of its financial performance in accordance with German legally required accounting principles.

7 CONCLUDING REMARKS

This audit report has been prepared in accordance with the principles of Auditing Standard 450 (as amended), promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

We hereby confirm pursuant to Section 321 (4a) HGB that we have conducted our audit in accordance with the applicable independence regulations.

The independent auditor's report is presented in Section 2.

Frankfurt am Main, May 28, 2020

KPMG AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Rataj

Wirtschaftsprüfer

[German Public Auditor]

Berger

Wirtschaftsprüferin

[German Public Auditor]

Appendix 1
(EUR)

Balance sheet as of March 31, 2020

ASSETS		EQUITY & LIABILITIES	
	Mar. 31, 2020		Mar. 31, 2020
A. Fixed assets		A. Equity	
I. Intangible assets		I. Subscribed capital	150.000,00
Software acquired for a consideration		II. Capital reserve	18.760,94
II. Property, plant and equipment		III. Retained earnings	30.467.733,61
1. Office equipment	16.987.646,65	IV. Net income for the year	20.432.272,93
2. Advance payments	2.707.970,21		51.068.767,48
		B. Provisions	
	19.695.616,86	1. Tax provisions	9.183.363,69
		2. Other provisions	77.442.080,13
	20.076.546,35		86.625.443,82
B. Current assets		C. Liabilities	
I. Inventories		1. Payments received on account of orders	140.862.970,80
Work in process		2. Trade payables	8.690.111,15
II. Receivables and other assets		- thereof due within one year:	
1. Trade receivables	130.199.556,10	EUR 8,690,111.15	
2. Receivables from affiliated companies	984.249,89	(PY: EUR 1,388,970.99)	
3. Other assets	1.774.913,49	3. Liabilities to affiliated companies	32.740.849,12
		- thereof due within one year:	
	132.958.719,48	EUR 32,740,849.12	
		(PY: EUR 10,723,501.97)	
		4. Other liabilities	10.175,447.70
		- thereof for taxes:	
		EUR 10,460,664.26	
		(PY: EUR 10,091,750.47)	
		- thereof due within one year:	
III. Cash at bank	54.176.061,26	EUR 10,491,528.97	
	303.651.623,97	(PY: EUR 10,175,447.70)	
		D. Deferred tax liabilities	
C. Prepaid expenses			
	7.018.301,02		192.785.460,04
	330.746.471,34		266.800,00
			330.746.471,34
			11.593.785,11
			134.100,00
			223.490.119,06

Appendix 1.2

Income statement for the period from April 1, 2019, to March 31, 2020

(EUR)

	Financial year	Prior year
1. Revenue	558.134.819,59	519.098.108,74
2. Increase in work in process	37.958.556,48	11.421.106,13
3. Other operating income - thereof income from currency translation: EUR 241,506.05 (PY: EUR 990,524.41)	460.183,67	1.229.991,65
4. Cost of materials Cost of purchased services	(369.310.981,85)	(328.471.114,16)
5. Personnel expenses a) Wages and salaries b) Social security, pension and other benefits - thereof for pensions: EUR 652,947.19 (PY: EUR 793,472.62)	(122.336.712,10) (12.841.121,23)	(106.222.140,83) (11.909.256,29)
	(135.177.833,33)	(118.131.397,12)
6. Amortization of intangible assets and depreciation of property, plant and equipment	(6.631.604,23)	(3.763.039,93)
7. Other operating expenses - thereof expenses from currency translation: EUR 353,958.17 (PY: EUR 343,521.33)	(55.268.747,13)	(33.723.365,28)
8. Other interest and similar income	18.874,50	33.814,70
9. Interest and similar expenses	(140.642,95)	(36.282,97)
10. Income taxes - thereof expenses from the addition to and reversal of deferred taxes: EUR 132,700.00 (PY: EUR 90,700.00)	(9.610.351,82)	(15.137.900,00)
11. Earnings after taxes	20.432.272,93	32.519.921,76
12. Net income for the year	20.432.272,93	32.519.921,76

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

As of the reporting date, the Company exhibits the size characteristics of a large corporation 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 nature of expense method.

Compared with the prior year, KEUR 14,571 of expense for warranties is recognized within other operating expenses (PY: reduction in revenue). Payments received were reclassified to other provisions in the same amount. As a result of this, the financial statements better provide a true and fair view of the assets, liabilities, financial position and financial performance in accordance with German generally accepted accounting principles.

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 the liabilities side, and expenses were not offset against income, unless this is expressly required by the provisions set forth under Section 246 HGB.

The amounts presented in the opening balance sheet for the financial year under review correspond with those of the closing balance sheet for the prior financial year. Valuation is based on the going concern assumption. Assets and liabilities were valued 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 the financial statements. Unless expressly required by law, only profits 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.

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 376 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 costs.

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 or the average spot exchange rate on the closing date.

Notes forming part of the Financial Statements

Deferred tax liabilities were mainly incurred in the financial year. These are based on differences between the valuations in the commercial and tax balance sheets for fixed assets in the amount of KEUR 949, for provisions for pensions and partial retirement obligations in the amount of KEUR 83 and for the provision for onerous contracts in the amount of KEUR 24. Using a tax rate of 32% for the calculation results in deferred tax assets of KEUR 36 and deferred tax liabilities of KEUR 303 (excess of liabilities of KEUR 267).

The tax provisions and other provisions were recognized for contingent liabilities, which are indeterminate in terms of their amount or the time at which they will materialize, at the expected settlement amount of the contingent liabilities based on 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.

Provisions and liabilities are stated 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 in 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 or the average spot exchange rate on the closing date.

Proportion 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 1,775, (PY: KEUR 3,108) relate mainly to receivables from employees in the amount of KEUR 1,251 (PY: KEUR 1,966) and lease security deposits in the amount of KEUR 484 (PY: KEUR 477).

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. Other provisions (KEUR 77,442, PY: KEUR 33,069) essentially comprise provisions for outstanding invoices (KEUR 44,274, PY: KEUR 17,741), warranties (KEUR 14,571, PY: advance payments received), bonus payments (KEUR 6,250 PY: KEUR 5,522), provisions for expected recharging arising from intra-group transfer pricing (KEUR 5,107, PY: KEUR 4,178), provisions for volume discounts (KEUR 4,071, PY: KEUR 2,803) and leave (KEUR 2,869, PY: KEUR 2,205).

As in the prior year, all liabilities have a remaining term of up to one year.

Liabilities to affiliated companies are comprised solely of trade payables.

Liabilities to affiliated companies (KEUR 32,741, PY: KEUR 10,724) include KEUR 29,756 (PY: KEUR 8,941) liabilities to shareholders.

V. Explanatory notes on the income statement

Revenue increased by 7.5% over the prior year to KEUR 558,135. Revenue in the areas of management consulting and software development was almost exclusively generated in Germany. Of the total amount of revenue 71% is attributable to management consulting and 29% to software development. Revenue was broken down by location as follows: Frankfurt KEUR 307,898 (PY: KEUR 291,035), Düsseldorf KEUR 169,835 (PY: KEUR 159,870), Hamburg KEUR 37,015 (PY: KEUR 26,106) and Munich KEUR 43,387 (PY: KEUR 42,072). 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 369,311 (PY: KEUR 328,471) were incurred along with personnel expenses, inclusive of social security contributions, in the amount of KEUR 135,178 (PY: KEUR 118,131).

Other operating income of KEUR 460 (PY: KEUR 1,230) mainly comprises gains on foreign exchange translation of KEUR 242 (PY: KEUR 991).

Other operating expenses in the amount of KEUR 55,269 (PY: KEUR 33,723) largely include distribution and administrative expenses. The expenses included herein from currency translation amount to KEUR 354 (PY: KEUR 344).

Notes forming part of the Financial Statements

VI. Other disclosures

Disclosures regarding off-balance sheet transactions pursuant to Section 285 no. 27 HGB

Commitments arising from pension and other benefits

As of March 31, 2009, the Company has 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 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.

Other financial obligations

As of March 31, 2020, there were other financial obligations from lease agreements for the offices in Frankfurt, Dusseldorf, Munich, Hamburg, Stuttgart, Walldorf, Bonn, Berlin, Aachen and Cologne in the amount of KEUR 1,916 payable in 2020/2021, KEUR 1,418 payable in 2021/2022, KEUR 1,145 payable in 2022/2023, KEUR 1,145 payable in 2023/2024 and KEUR 1,023 payable in 2024/2025 as well as from lease agreements in the amount of KEUR 172 payable in 2020/2021, KEUR 54 payable in 2021/2022, KEUR 36 payable in 2022/2023 and KEUR 17 payable in 2023/2024. 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 560. Other financial obligations thus amount to a total of KEUR 7,485.

Members of the Company's executive bodies

The Company's business activities were managed by the following individuals during the financial year:

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 1,812 (PY: 1,570). The Company has only salaried employees. The Company had an average of 685 (PY: 633) employees at its registered office in Frankfurt. The three most significant branch offices had the following average number of employees: Dusseldorf (541, PY: 458), Hamburg (102, PY: 85) and Munich (241, PY: 241).

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 53.

Notes forming part of the Financial Statements

Transactions with related parties

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.

In the reporting year expenses of KEUR 814 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

The Company is debt free and has cash equivalents of KEUR 54,176 as of March 31, 2020. Cash at bank is unencumbered and freely available to the Company. The aforementioned cash at bank makes up 16.38% of the Company's assets (KEUR 330,727) and 106.08% of equity (KEUR 51,069) and therefore ensures the Company's liquidity.

The present developments associated with the COVID-19 pandemic and its economic consequences for Tata Consultancy Services Deutschland GmbH are currently being examined. It is nevertheless not currently possible for the Company to conclusively assess the implications and the effects on future revenue sources. Management is of the opinion that it can realign its operating levers to navigate through the period of crisis in a financially prudent manner (please refer to the comments in the Company's management report).

With the exception of the global COVID-19 pandemic and its potential effects on future development, 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 20,432,272.93 and retained earnings of EUR 30,467,733.61 be carried forward to the following year.

Frankfurt am Main, May 28, 2020

P. Karkaria

(Managing Director)

S. Chapalapalli

(Managing Director)

P. Gaitonde

(Managing Director)

A. Mukherjee

(Managing Director)

Appendix to the notes

Statement of Movements in Fixed Assets (Gross)
As of March 31, 2020

(EUR)

	Cost Apr. 1, 2019	Additions	Disposals	Reclassifications	Cost Mar. 31, 2020	Accumulated amortization, depreciation and write- downs Apr. 1, 2019	Disposals	Amortization, depreciation and writedowns during the financia year	Accumulated amortization, depreciation and write- downs Mar. 31, 2020	Book value Mar. 31, 2020	Book value Mar. 31, 2019
I. Intangible assets											
Software acquired for a consideration	362,144.77	286,265.65	0.00	0.00	648,410.42	137,005.18	0.00	130,475.75	267,480.93	380,929.49	225,139.59
Intangible assets	362,144.77	286,265.65	0.00	0.00	648,410.42	137,005.18	0.00	130,475.75	267,480.93	380,929.49	225,139.59
II. Property, plant and equipment											
1. Office equipment	784,971.65	2,707,970.21	0.00	0.00	2,707,970.21	8,624,791.41	0.00	6,501,128.48	15,125,919.89	2,707,970.21	784,971.65
2. Advance payments	21,392,508.00	10,721,058.54	(784,971.65)	0.00	32,113,566.54	0.00	0.00	0.00	0.00	16,987,646.65	12,767,716.59
Property, plant and equipment	22,177,479.65	13,429,028.75	(784,971.65)	0.00	34,821,536.75	8,624,791.41	0.00	6,501,128.48	15,125,919.89	19,695,616.86	13,552,688.24
	22,539,624.42	13,715,294.40	(784,971.65)	0.00	35,469,947.17	8,761,796.59	0.00	6,631,604.23	15,393,400.82	20,076,546.35	13,777,827.83

MANAGEMENT REPORT

for the financial year from April 1, 2019, to March 31, 2020,
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 pace of growth in the German economy declined significantly in 2019. According to the German Federal Statistical Office, gross domestic product in Germany rose by 0.6% (PY: 1.5%) in 2019, the lowest rate of growth seen for six years. Investments in machinery and equipment adjusted for inflation also only increased slightly by 0.6%, after a 4.5% increase in the prior year.

The growth momentum of the IT market in Germany subsided somewhat in 2019. According to data from Bitkom, the IT market grew by 2.9% in 2019 following growth of 3.5% in the prior year. The individual partial segments exhibited the following growth rates in 2019: IT hardware 0.5% (PY: 2.7%), software 6.3% (PY: 6.3%), IT services 2.4% (PY: 2.4%).

2. Business performance

Revenue for the year under review increased by KEUR 39,037 to KEUR 558,135 compared to financial year 2018/2019 due to successful sales efforts. A total of KEUR 307,898 (PY: KEUR 291,035) 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 169,835; PY: KEUR 159,870), Hamburg (KEUR 37,015; PY: KEUR 26,106) and Munich (KEUR 43,387; PY: KEUR 42,072). 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 were met. A slight increase in revenue and net income was expected in the prior year. An increase in revenue of KEUR 39,037 was achieved, which corresponds to a year-on-year rise of 7.52%. Net income for the year of KEUR 20,432 was lower than expected. While the increase in revenue at the forecast level is primarily attributable to the divisions TCS Cloud, digital transformation, life sciences and healthcare, energy and utilities, banks and financial services and insurance, the reduction in net income is largely due to the rise in expenses for internal and external staff.

The average number of persons employed by the Company increased from 1,570 in financial year 2018/2019 to 1,812 in financial year 2019/2020.

3. Assets, liabilities, financial position and financial performance

Financial performance

Total operating performance, comprising revenue and change in inventories, increased from KEUR 530,519 in the 2018/2019 financial year to KEUR 596,093 in the 2019/2020 financial year.

	2016/2017	2017/2018	2018/2019	2019/2020
Earnings after taxes	10,826	17,237	32,520	20,432

Despite the rise in total operating performance, net income declined by KEUR 12,088 year on year alongside a slight increase in the gross profit margin (40.6%; PY: 38.9%). The main reasons for this were the comparatively higher increase in personnel costs as a result of the increased workforce and investments in the TCS Cloud and digital services. Further, other operating income declined by KEUR 0.8, in particular due to the reduction in foreign currency translation gains.

Changes in the different types of expenses in relation to total operating performance are presented below:

	Apr. 1, 2018 - Mar. 31, 2019	Apr. 1, 2019 - Mar. 31, 2020
	%	%
Cost of purchased services	62	64
Personnel expenses	22	23
Other operating expenses	6	9

Cost of purchased services largely relates to services from affiliated companies and German subcontractors. In addition to the aforementioned reasons, the increase in other operating expenses also results from the warranty expenses presented in this item for the first time in this financial year.

Financial position

Cash and cash equivalents increased compared to March 31, 2019, from KEUR 4,904 to KEUR 54,176. The Company has an overdraft limit of KEUR 15,000 with Citi Bank, which was not used in financial year 2019/2020.

Cash flows from operating activities increased from KEUR 4,693 in financial year 2018/2019 to KEUR 97,069 in financial year 2019/2020. This is largely due to the increase in payments received and liabilities to affiliated companies.

The Company reported positive net working capital of KEUR 23,757 (PY: KEUR 36,966). Net working capital is composed of inventories, cash and cash equivalents, current receivables and other assets less current provisions and liabilities.

Assets and liabilities

Assets increased compared to March 31, 2019, from KEUR 223,490 to KEUR 330,746, primarily due to the increase in work in process and cash at bank. This development reflects the increased business volume.

The range of trade receivables (amount of receivables * 360/revenue) increased from 74 days in the prior year to 86 days in the current financial year.

Equity declined compared to March 31, 2019, by KEUR 14,568 to KEUR 51,069. The equity ratio amounted to 15.4% (PY: 29.4%). The change in the equity ratio is primarily attributable to the distribution of profits of KEUR 35,000 during the financial year.

Provisions (KEUR 86,525, PY: KEUR 46,126) mainly comprise provisions for outstanding invoices (KEUR 44,274, PY: KEUR 17,741), warranties (KEUR 14,571; PY: presentation under payments received), bonus payments (KEUR 6,250, PY: KEUR 5,522), provisions for expected recharging arising from intra-group transfer pricing (KEUR 5,107, PY: KEUR 4,178), provisions for volume discounts (KEUR 4,071, PY: KEUR 2,803), leave (KEUR 2,869, PY: KEUR 2,205) and tax provisions (KEUR 9,183; PY: KEUR 13,057).

Liabilities to affiliated companies increased compared to March 31, 2019, by KEUR 22,017 to KEUR 32,741; this is largely due to the increase in the work allocated to affiliated companies in line with the increase in revenue.

The year-on-year increase in other liabilities of KEUR 316 largely stems from the increase in VAT liabilities and liabilities from payroll and church tax.

The Company's business performance was favorable overall and had a corresponding positive impact on the Company's assets, liabilities, financial position and financial performance. 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 7.4% 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 implementing the 'fair company' concept for students 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. This program was broadened with 100 trainees at the European level.

Furthermore, the Company supports and runs workshops (e.g. goIT Lego Mindstorms workshops at schools and universities to promote STEM subjects), 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. 10 new customers were added to this in the reporting year. The Company came in third place in the Whitelane customer satisfaction survey.

III. Forecast, opportunities and risks

1. Forecast

Expected general economic conditions and industry environment

The global economy was put under immense pressure in spring 2020 by the COVID-19 pandemic and the measures resolved to contain it. The length and extent of the global recession depend on the further development of the pandemic, the measures resolved to slow the pandemic and the duration of these measures. There is also uncertainty over how long political measures will remain necessary even if the spread of the pandemic begins to slow and how long the economic recovery will be delayed until effective medicine or a vaccine can be found. Assuming that global economic activity gradually begins to recover in the second half of 2020, the five leading economic research institutes in Germany project a decline in global production by 2.5% for 2020 in their report dated

April 8, 2020. They also predict a decline in global trade of 7.4%. A rise in global production of 5.4% and an increase in global trade of 7.0% are projected for 2021. This projection is based on the assumption that production and trade shall largely approach the level they would have without the pandemic.

A deep recession is expected in Germany due to the COVID-19 pandemic. To curb infections, the government has placed significant restrictions on economic activity. The leading economic research institutes projects a decline in GDP in 2020 by 4.2% in their Joint Economic Forecast 1/2020. In addition, the crisis is expected to have a significant impact on the labor market and the national budget. The research institutes anticipate an unemployment rate of up to 5.9% and up to 2.4 million workers on reduced hours. In addition, a record deficit in the federal budget of EUR 159 billion is projected. Gradual economic recovery is expected after the shutdown. The research institutes therefore predict growth of 5.8% in 2021. However, significant risks are associated with this forecast. The pandemic could subside at a significantly slower rate, restarting the economy may not work as well as expected or there could be a new wave of infections. In addition, there is the risk of sovereign debt crises in the eurozone, which would also have a negative impact on the sales outlook for German exporters.

The COVID-19 pandemic has also darkened the business climate in the digital sector significantly. According to an economic survey conducted by the digital association bitkom and the German Ifo Institute for Economic Research, 55% of companies in the IT branch anticipate negative effects from the crisis. The Bitkom-ifo Digital Index, which is calculated based on an assessment of the business situation and expectations, stood at 0.6 points in March 2020, the lowest figure since the financial crisis in 2009.

In the aforementioned scenario, management has taken the following measures to tackle these challenges:

- Regular contact with employees via HR and the management teams to clarify issues related to Covid-19 and provide emotional support.
- Provision of the TCS Infrastructure Secure Borderless Workspaces (SBWS), with which employees can work from home and thus ensure business continuity.

- Regular communication with customers and suppliers regarding measures to maintain services and reporting on the status of business activities.
- Regular evaluation of customers' business requirements in the current situation.
- Regular monitoring of funds to maintain sufficient liquidity to meet business obligations.

Outlook for the Company

Although management is confident that the Company has an ample portfolio of services for working with customers, the COVID-19 situation could have an impact on future revenue sources if, due to shortages of financial resources, customers are unable to continue business or the Company's services are no longer called upon by customers. Management has identified that customers in the retail, travel, transport and hospitality, energy and manufacturing sectors are more vulnerable to the direct effects of the crisis, while customers in the banking and financial services sector are likely to feel delayed effects due to their dependence on revenue from the other sectors affected. Based on the information currently available, it is very early to make a realistic estimate of the effects of the crisis on future revenue sources. Management believes that it can realign its operating levers to navigate through the period of crisis in a financially prudent manner.

In order to achieve levels of growth above the sector average in financial year 2020/21 and in subsequent years, management plans to position its services and solutions at new customers and tap new business areas with existing customers within the aforementioned limits. Investments were carried out in Germany in the reporting year to expand the TCS Enterprise Cloud and digital services. Both areas present significant opportunities for the Company to create new services and solutions. The Company intends to appeal to the SME segment in Germany - a plan which has already seen initial success and is to be expanded further.

In financial year 2020/2021 it is expected that growth momentum with regard to revenue and net income will be negatively affected by the COVID-19 pandemic. However, it is not currently possible for management to issue a statement on the intensity of the negative impact with sufficient certainty. Taking the COVID-19 situation into account and based on the current state of knowledge, the annual growth rate in 2020/21 is forecast to be lower than annual growth in financial year 2019/20, which will result in a commensurate decline in the net income for the year.

Management has not identified any risks that cast significant doubt on the Company's ability to continue as a going concern.

2. Risk report

Industry-specific risks

In general, 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 is particularly decisive for the Company's growth in the COVID-19 scenario described above. Based on the current state of knowledge, the Company assesses the risk as low.

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 8,513. These contrast with USD liabilities of KEUR 1,502.

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 creditworthy. Defaults on receivables are an absolute exception. Additionally, the Company has worked with the majority of its customers for many years. In light of the current COVID-19 situation, management is regularly monitoring trade receivables with a particular focus on customers who may be under financial strain.

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 by deploying new digital technologies in all areas of their business as part of the transformation. TCS Enterprise Cloud and Digital Services & Solutions continue to offer huge growth opportunities on the market. Significant investments to further develop these services were made during the year under review. In addition, new business areas are to be developed, expanded and marketed to both new and existing customers (including German SMEs). New solutions to support customers during and after the COVID-19 pandemic are planned. Strategic initiatives, such as the platform

business in insurance, are being reviewed to take account of the changing situation in the insurance industry. Based on the current state of knowledge (taking COVID-19 into account), the Company assesses the opportunity as low.

IV. Corporate governance statement in accordance with Section 289f HGB

The Company is 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 backgrounds. The global gender diversity of the group shows that women comprise more than 35 percent of its employees. As on March 31, 2019, the parent company has two women 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. Through regular leadership development programs, the Company continuously encourages employees to build their capabilities for higher positions. However, targets and deadlines for the participation of women in management positions have yet to be determined.

Frankfurt am Main, May 28, 2020

P. Karkaria

(Managing Director)

S. Chapalapalli

(Managing Director)

P. Gaitonde

(Managing Director)

A. Mukherjee

(Managing Director)

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 ordnungsgemäßer 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 obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

- [1] The engaging party shall ensure that all documents and further information 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 engagements 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 engagement 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 German Public Auditor (results of work or extracts of the results of work whether 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 unjustified refusal to perform subsequently, or for unconscionability or impossibility 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 unconscionability 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 deficiencies in writing (Text form) [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 regulating the Profession of Wirtschaftsprüfer. Wirtschaftsprüferordnung], § 203 StGB [German Criminal Code Strafgesetzbuch]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality 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 damages 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 EUR 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 KEUR 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 replacement 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) If the German Public Auditor revokes the auditor's report, it may no longer be used. If 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 engagements. 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 (Steuerberatungsvergütungsverordnung) 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 administrative courts and in criminal tax matters;
 - c) advisory work and work related to expert opinions in connection with changes in legal form and other reorganizations, capital increases and reductions, insolvency related business reorganizations, admission 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 settlement procedures before a consumer arbitration board (Verbraucherschlichtungsstelle) 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

**Financial Year
2019 - 20**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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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 2020-..... The meeting also decided to approve the Board of Directors's proposal for distribution of profits.

Stockholm 2020 -.....-.....

Pauroosasp Karkaria
Chairman of the board

Directors' Report

The board of directors of Tata Consultancy Services Sverige AB hereby presents the financial statement for financial year 2019-04-01 - 2020-03-31.

Business operations

TCS continues to drive value for its Swedish clients by creating and delivering consulting, IT services and product engineering services synergistically, using our Business 4.0 framework, Location Independent Agile and Machine First Delivery Model (MFDM). These elements together with our research and innovation, the contextual knowledge and our portfolio of intellectual property have helped us gain significant market share and mind share. We have been servicing the Swedish market since 1991. We have 448 464 consultants working globally, out of which 8 220 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 72,02% of the shares by the ultimate holding company Tata Sons Private 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 14,7% from 3 831 MSEK to 4 379 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

	FY 2019-20	FY 2018-19	FY 2017-18	FY 2016-17
Net sales (in thousands)	4 393 970	3 831 089	3 030 276	2 584 138
Profit/ loss after financial items (in thousands)	145 408	294 534	214 814	217 086
Equity ratio, % (1)	40,9	45,5	46,4	42,8
Operating profit (in thousands)	148 109,1	301 433,0	214 465,9	216 979,9
Total assets (in thousands)	1 782 763,7	1 354 649,7	1 272 709,8	993 151,3
Average number of employees	131,0	93,0	84,0	85,0

(1) Adjusted equity/total assets. By adjusted equity means equity + untaxed reserves with deduction of deferred tax liability.

Significant risks and uncertainties

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.

Exogenous factor due to COVID 19

COVID 19 a global pandemic which has given rise to an unprecedented economic scenario having future impact on the businesses across the world. Governments and organizations across the world have taken up drastic actions to address the challenges posed by this critical situation.

Under these circumstances, the Company has also taken the following measures to address these challenges;

- Regular connect with the employees through the Human Resources and leadership teams to address their COVID 19 related queries and for emotional support
- Deployment of TCS' Secure Borderless Workspaces (SBWS) infrastructure enabling employees to work from home and ensure business continuity
- Regular communication with customers and vendors about measures taken to maintain business services and reporting of their operations status.
- Regular assessment of the business requirement of the customers in the current situation
- Regular monitoring of funds to maintain adequate liquidity to meet the business commitments

Expected future business activities

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 2020/2021.

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	396 119 121
Profit for the year	92 723 894
Sum	488 843 015
The board proposes that	
the following be carried forward	488 843 015
Total	488 843 015

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 556559-4008

REPORT ON THE ANNUAL ACCOUNTS

Opinions

We have audited the annual accounts of Tata Consultancy Services Sverige AB for the financial year 2019-04-01—2020-03-31.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of Tata Consultancy Services Sverige AB as of 31 March 2020 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.

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 2019-04-01—2020-03-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the 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 2020

KPMG AB

Stefan Älgne

Authorized Public Accountant

Balance Sheet

Amounts in SEK

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Fixed assets			
Intangible assets			
Concessions, patents, licenses, trademarks and similar rights	9	6 506 674	3 936 462
		6 506 674	3 936 462
Tangible asset			
Equipment, tools, fixtures and fittings	10	71 328 452	68 214 398
		71 328 452	68 214 398
Financial assets			
Other long-term receivables	11	24 723 960	17 147 074
		24 723 960	17 147 074
		102 559 086	89 297 934
Total fixed assets			
Current assets			
Current receivables			
Accounts receivable - trade		595 047 455	760 990 699
Receivables from group companies	12	218 551	3 469 236
Other receivables		22 140 887	25 462 208
Receivables due from customers	13	139 836 609	102 927 712
Prepaid expenses and accrued income	14	53 192 352	49 441 686
		810 435 854	942 291 541
Cash and bank balances		869 768 785	323 060 207
		1 680 204 639	1 265 351 748
Total current assets			
TOTAL ASSETS			
		1 782 763 725	1 354 649 682
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	15	100 000	100 000
Statutory reserve		20 000	20 000
		120 000	120 000
Non-restricted equity			
Result brought forward		396 119 121	221 550 453
Profit for the year		92 723 894	174 568 668
		488 843 015	396 119 121
Total equity			
		488 963 015	396 239 121
Untaxed reserves			
Tax allocation reserves	17	306 607 839	282 833 276
		306 607 839	282 833 276
Current liabilities			
Accounts payable - trade		13 430 640	3 943 851
Liabilities to group companies	18	744 204 220	415 577 762
Tax liability		6 633 219	35 012 577
Other current liabilities		121 692 062	127 008 586
Liabilities due from customers	19	38 541 406	38 920 258
Accrued expenses and deferred income	20	62 691 324	55 114 251
		987 192 871	675 577 285
TOTAL EQUITY AND LIABILITIES			
		1 782 763 725	1 354 649 682

Income Statement

Amounts in SEK

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Net sales	3	4 393 970 001	3 831 089 328
Other operating income		58 011 628	54 258 698
		4 451 981 629	3 885 348 026
Operating Expenses			
Sales/Service costs		(2 767 706 110)	(2 442 338 545)
Other external costs	4,5	(1 333 677 054)	(995 452 810)
Employee benefit expenses	6	(169 951 517)	(126 880 743)
Depreciation of intangible and tangible assets	9,10	(32 537 873)	(19 242 922)
Operating profit		148 109 075	301 433 006
Profit from financial items			
Interest income and similar income	7	622 862	217 852
Interest expenses and similar expenses	7	(3 323 662)	(7 117 318)
Profit after financial items		145 408 275	294 533 540
Appropriations		(23 774 563)	(66 879 443)
PROFIT BEFORE TAX		121 633 712	227 654 097
Tax on profit for the year	8	(28 909 818)	(53 085 429)
NET PROFIT FOR THE YEAR		92 723 894	174 568 668

Changes of equity

Amounts in SEK

At beginning of year

Transfer of previous year's profit

Profit for the year

At year-end

Share capital	Statutory reserve	Balance Sheet profit	Year's profit
100 000	20 000	221 550 453	174 568 668
		174 568 668	(174 568 668)
			92 723 894
100 000	20 000	396 119 121	92 723 894

Cash flow statement

Amounts in SEK

OPERATING ACTIVITIES

Profit after financial items

Adjustments for items not included in cash flow, etc.

Tax paid

Cash flow from operating activities before

changes in working capital

Cash flow from changes in working capital

Increase(-)/Decrease (+) in inventories

Increase(-)/Decrease (+) in operating receivables

Increase (+)/Decrease (-) in operating liabilities

Cash flow from operating activities

INVESTING ACTIVITIES

Acquisition of intangible asset

Acquisition of tangible assets

Acquisition of financial assets

Cash flow from investing activities

FINANCING ACTIVITIES

Dividend paid to parent company

Cash flow from financing activities

Cash flow for the year

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

Note

Year ended March 31, 2020	Year ended March 31, 2019
145 408 275	294 533 540
32 537 873	19 242 923
177 946 148	313 776 463
(57 289 176)	(53 108 680)
120 656 972	260 667 783
-	150 577
168 764 585	188 459 306
303 086 046	40 515 057
592 507 603	489 792 723
(3 874 696)	(4 378 938)
(34 347 443)	-
(7 576 886)	(51 808 350)
(45 799 025)	(56 187 288)
-	(200 000 000)
-	(200 000 000)
546 708 578	233 605 435
323 060 207	89 454 772
869 768 785	323 060 207

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").

Valuation principles etc

Assets, provisions and liabilities are valued based on cost unless otherwise stated.

Intangible assets

Intangible assets acquired by the company are recorded at acquisition cost less accumulated depreciation and impairment.

Depreciation

Depreciation takes place lineally over the asset's useful life. Depreciation is reported as a cost in the Profit and Loss Account. Depreciation is included in the reported for the intangible asset value.

Tangible assets	Year
Internally generated intangible assets	
Acquired intangible assets	
Licenses	4

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.

Notes forming part of the Financial Statements

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 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.

Notes forming part of the Financial Statements

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.

In FY 2019-2020, 81% (89%) of the total purchases and 3% (1%) of the total sales respectively in SEK was from affiliate companies within the group.

3. NET SALES BY BUSINESS SEGMENT AND GEOGRAPHIC MARKET

Net sales by geographic market

Nordic countries

Europe, excluding the Nordic countries

USA

India

Total

Year ended March 31, 2020	Year ended March 31, 2019
4 355 939 794	3 816 667 911
32 314 882	14 340 168
3 038 041	(55)
2 677 284	81 304
4 393 970 001	3 831 089 328

Notes forming part of the Financial Statements

4. OPERATIONAL LEASING - LESSEE

Future minimum leasing fees with respect to non redeemable operational leasing agreement:

Within one year

Between one and five years

The financial year's expensed leasing fees

Of the lease payments represent 7 245 118 SEK rents for offices. The two leases run until December 31st of 2021 and includes an option to extend and index clause.

Year ended March 31, 2020	Year ended March 31, 2019
5 435 852	4 881 012
3 949 693	8 672 298
9 385 545	13 553 310
8 029 275	5 010 385

5. REMUNERATION TO, AND EXPENSES OF, AUDITORS

KPMG

Tax consultancy

Audit assignments

Year ended March 31, 2020	Year ended March 31, 2019
225 000	-
225 000	225 000
225 000	225 000

6. EMPLOYEES AND PERSONNEL COSTS

Average number of employees

Men

Women

Year ended March 31, 2020	Year ended March 31, 2019
106	75
25	18
131	93

Salaries, other remuneration and social costs

Salaries and other remuneration

Board of Directors

Other employees

Social costs

(of which pension expenses) 1)

1) Of the company's pension costs -561 623 SEK, (- 1 206 670 SEK) relates to management.

Year ended March 31, 2020	Year ended March 31, 2019
(2 835 726)	(4 549 677)
(115 565 678)	(81 203 458)
(118 401 404)	(85 753 135)
(39 047 675)	(29 951 844)
(9 004 927)	(8 980 497)

7. INTEREST RECEIVED AND PAID

Interest received

Interest paid

Year ended March 31, 2020	Year ended March 31, 2019
622 862	217 852
(3 323 662)	(7 117 318)
(2 700 800)	(6 899 466)

Notes forming part of the Financial Statements

8. TAX ON ANNUAL PROFIT

Current tax expense
Adjustment of previous year's tax expense

Year ended March 31, 2020	Year ended March 31, 2019
(28 909 818)	(53 085 429)
-	-
(28 909 818)	(53 085 429)

Reconciliation of effective tax

Result before tax
Tax according to applicable tax rate for parent company
Non-deductible expenses
Non-taxable income
Tax on standard income tax allocation

Reported effective tax

Effective tax rate
Current tax rate

Year ended March 31, 2020	Year ended March 31, 2019
121 633 712	227 654 097
(26 029 614)	(50 083 901)
(2 461 613)	(2 827 072)
19 001	-
(437 592)	(174 456)
(28 909 818)	(53 085 429)
23,8%	23,3%
21,4%	22%

9. INTANGIBLE ASSETS

Accumulated cost of acquisitions

- At beginning of year
- New acquisitions
At the end of the year

Accumulated depreciation

- At beginning of year
- Depreciation for the year
At the end of the year

Carrying amount at year end

As at March 31, 2020	As at March 31, 2019
4 378 938	-
3 874 696	4 378 938
8 253 634	4 378 938
(442 476)	-
(1 304 484)	(442 476)
(1 746 960)	(442 476)
6 506 674	3 936 462

10. EQUIPMENT, TOOLS AND INSTALLATIONS

Accumulated cost of acquisitions

- At beginning of year
- New acquisitions
- Disposals and obsolescence
At the end of the year

Accumulated depreciation

- At beginning of year
- Reversed depreciation of disposals and scrap
- Depreciation for the year

Carrying amount at year-end

As at March 31, 2020	As at March 31, 2019
116 801 831	61 082 293
34 477 386	55 719 538
(7 595 723)	-
143 683 494	116 801 831
(48 587 433)	(29 786 987)
7 465 780	-
(31 233 389)	(18 800 446)
(72 355 042)	(48 587 433)
71 328 452	68 214 398

Notes forming part of the Financial Statements

11. OTHER LONG-TERM RECEIVABLES

Accumulated acquisition costs:

- At beginning of year
- Additional receivables
- Settled receivables

Carrying amount at year-end

As at March 31, 2020	As at March 31, 2019
17 147 074	21 058 262
24 724 497	16 606 097
(17 147 611)	(20 517 285)
24 723 960	17 147 074

12. RECEIVABLES FROM GROUP COMPANIES

Tata Consultancy Services Danmark ApS
Tata Consultancy Services Deutschland GmbH
Tata Consultancy Services Canada Inc.
Tata Consultancy Services Switzerland Ltd
Tata Consultancy Services France SA
Tata Consultancy Services Italia srl
Tata Consultancy Services Österreich GmbH
Tata Consultancy Services Portugal, Unipessoal Lda
Tata Consultancy Services Luxembourg S.A.

Total

As at March 31, 2020	As at March 31, 2019
1	2
-	1 535 846
67 712	-
-	885 487
17 028	754 630
82 589	129 592
15 195	12 512
36 026	26 969
-	124 198
218 551	3 469 236

13. RECEIVABLES DUE FROM CUSTOMERS

Accrued income

Invoiced Amount

Sum

As at March 31, 2020	As at March 31, 2019
2 561 594 995	1 371 466 456
(2 421 758 386)	(1 268 538 744)
139 836 609	102 927 712

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).

14. PREPAYMENTS AND ACCRUED INCOME

Prepaid rent

Prepayment Supplier

Others

As at March 31, 2020	As at March 31, 2019
22 206	1 257 169
540 977	4 875 000
52 629 168	43 309 517
53 192 351	49 441 686

15. EQUITY

Share capital 1000 shares with a share value of 100 SEK.

Notes forming part of the Financial Statements

16. ALLOCATION OF COMPANY PROFIT OR LOSS

Profit brought forward from previous years

Profit for the year

Sum

The board proposes that
the following be carried forward

Total

Amounts in SEK
396 119 121
92 723 894
488 843 015
488 843 015
488 843 015

17. TAX ALLOCATION RESERVE

Tax allocation reserve, allocation for tax year 2014

Tax allocation reserve, allocation for tax year 2015

Tax allocation reserve, dedicating tax year 2016

Tax allocation reserve, dedicating tax year 2017

Tax allocation reserve, dedicating tax year 2018

Tax allocation reserve, dedicating tax year 2019

Tax allocation reserve, dedicating tax year 2020

As at March 31, 2020	As at March 31, 2019
-	21 036 648
31 525 641	31 525 641
33 902 786	33 902 786
55 669 869	55 669 869
60 265 863	60 265 863
80 343 680	80 432 469
44 900 000	-
306 607 839	282 833 276

18. SHORT-TERM LIABILITIES

Tata Sons Private Limited

Tata Consultancy Services Limited

Tata America International Corporation

Tata Consultancy Services do Brazil Ltda.

Tata Consultancy Services China Co. Ltd.

Tata Consultancy Services Asia Pacific Pte Ltd

Tata Consultancy Services Netherlands B.V.

Tata Consultancy Services de Mexico SA de CV

Tata Consultancy Services Canada Inc.

Tata Consultancy Services Japan, Ltd.

Tata Consultancy Services Limited Belgium S.A./N.V.

Tata Consultancy Services Deutschland GmbH

Tata Consultancy Services Switzerland Ltd

Tata Consultancy Services Luxembourg S.A.

Tata Consultancy Services de Espana SA

Total

As at March 31, 2020	As at March 31, 2019
7 032 422	9 452 793
721 306 549	390 155 297
959 850	969 694
500 078	612 369
359 803	480 620
562 761	1 702 595
3 251 437	6 941 819
371 074	3 572 022
-	195 510
110 738	265 624
867 788	365 024
157 307	-
7 327 502	-
85 163	-
1 311 748	864 395
744 204 220	415 577 762

19. LIABILITIES DUE FROM CUSTOMERS

Invoiced amount

Accrued income

Sum

As at March 31, 2020	As at March 31, 2019
445 551 206	292 352 952
(407 009 800)	(253 432 694)
38 541 406	38 920 258

Notes forming part of the Financial Statements

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).

20. ACCRUALS AND PREPAID INCOME

Bonus and final salaries
Other personnel costs
Other accrued costs

As at March 31, 2020	As at March 31, 2019
7 984 156	7 827 807
20 855 114	12 606 497
33 852 054	34 679 947
62 691 324	55 114 251

21. MISCELLANEOUS INFORMATION FOR CASH FLOW ANALYSIS

Adjustments for items not included in cash flow etc.

Depreciation

Year ended March 31, 2020	Year ended March 31, 2019
32 537 873	19 242 922
32 537 873	19 242 922

22. PLEDGED ASSETS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Securities pledged

Securities pledged

As at March 31, 2020	As at March 31, 2019
None	None

Capital commitments

The company has capital commitments of a total amount of SEK 17 409 167 (108 524 sek), distributed among fixed assets SEK 14 449 040 (108 524 sek) and the rest SEK 2 966 127 (0 sek).

23. 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 72,02% of the shares by the ultimate holding company Tata Sons Private Limited org no 478, in Mumbai with address; Bombay House, 24, Homi Mody Street, Mumbai 400 001 India which is the headquarter of Tata.

24. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

There were no significant subsequent events that have occurred after the end of the financial year under review other than the COVID 19, the global pandemic which has potential future impact.

The Company is debt-free and has bank balances of SEK 869 768 785 as at March, 31 2020. These balances are unencumbered and are at the free disposal of the Company. The aforesaid balances constitute 49,15% of total assets (SEK 1 769 503 228) and thus assures liquidity for the Company.

The Company believes that it has the financial strength and a portfolio of technology and business solutions which are even more relevant in partnering with its customers to make them realize their goals.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price projects and incorporated the impact of likely delays/increased cost in meetings its obligations, revision of Service Level Agreements etc

Notes forming part of the Financial Statements

The company is regularly monitoring its trade receivables with close attention to the customers who might be undergoing financial stress.

The Company does not foresee any large-scale contraction in demand which could result in significant employee downsizing, rendering the physical infrastructure redundant. Accordingly, no changes are anticipated in the long term leases for the premises taken on lease.

Signatures

Stockholm 2020-.....-.....

Amit Bajaj

Boardmember

Pauroosasp D Karkaria

Chairman of the board

Ajoyendra Mukherjee

Boardmember

Pradeep Manohar Gaitonde

Boardmember

Our Audit Report was presented on 2020-.....-.....

KPMG AB

Stefan Älgne

Authorized auditor

Tata Consultancy Services Netherlands B.V.
Amsterdam

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

**For the year ended
March 31, 2020**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

CONTENT	Page
Independent auditor's report	13.2
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Statement of changes in equity	13.6
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Notes forming part of financial statements	13.8

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Tata Consultancy Services Netherlands B.V.

Report on the special purpose Ind AS Financial Statements

Opinion

We have audited the accompanying Special purpose Ind AS financial statements of Tata Consultancy Services Netherlands B.V. ('the Company'), which comprises the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the 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 statements have been prepared by the management as described in Note 2(a) to the Special Purpose Ind AS financial statements.

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 Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, and its Loss (including other Comprehensive Income), Changes in Equity and its Cash Flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Special purpose Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special purpose Ind AS financial statements under the provisions of the Act and the Rules thereunder, and fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Special purpose Ind AS financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Special purpose Ind AS financial statements that give a true and fair view of the state of affairs, profit/ loss and (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) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special purpose Ind AS financial statements that give a true and fair view and are free from misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Special purpose Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special purpose Ind AS 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 high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special purpose Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

(To the extent applicable to a Company incorporated outside India)

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 Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statement comply with the Ind AS specified under Section 133 of the Act.

Restriction on Distribution and Use

This Special purpose Ind AS financial statements have been prepared to comply with the Section 129(3) of the Companies Act 2013, of Tata Consultancy Services Limited for the year ended 31st March, 2020 in accordance with Accounting Standard specified in section 133 of the Companies Act 2013. 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 this Special purpose Ind AS 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)

Date: May 18, 2020
Place: Mumbai

Kaushik B. Joshi
Proprietor
(Membership No.48889)

Statement of Profit and Loss

Amount in EUR

	Note	Year ended March 31, 2020	Year ended March 31, 2019
I. Revenue	10	643,133,025	563,171,581
II. Other income	11	17,062,587	23,466,864
III. TOTAL INCOME		660,195,612	586,638,445
IV. Expenses			
(a) Employee benefit expenses	12	177,665,487	146,577,398
(b) Cost of equipment and software licences	13(a)	427,237	1,545,016
(c) Depreciation and amortisation expense		1,784,682	262,288
(d) Other expenses	13(b)	525,059,137	386,803,969
(e) Finance costs	14	147,633	24,234
TOTAL EXPENSES		705,084,176	535,212,905
V. PROFIT/(LOSS) BEFORE TAX		(44,888,564)	51,425,540
VI. Tax expenses			
(a) Current tax	15	9,448,635	(49,605,720)
(b) Deferred tax	15	107,676	(43,094)
TOTAL TAX EXPENSES		9,556,311	(49,648,814)
VII. PROFIT/(LOSS) FOR THE YEAR		(54,444,875)	101,074,354
VIII. TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(54,444,875)	101,074,354
Earnings per equity share:- Basic and diluted (EUR)	16	(825)	1,531
Weighted average number of equity shares		66,000	66,000
IX. NOTES FORMING PART OF 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 Netherlands B.V.

For KBJ & Associates

Chartered Accountants

Firm registration no.114934W

Kaushik B. Joshi

Proprietor

Membership number : 48889

Mumbai, May 18, 2020

Pauroosasp Karkaria

Director

Pradeep Gaitonde

Director

Ajoyendra Mukherjee

Director

Amit Bajaj

Director

Statement of Changes in Equity

Amount in EUR

A. EQUITY SHARE CAPITAL

Balance as at April 1, 2018	Change in Equity share capital during the year	Balance as at March 31, 2019
66,000,000	-	66,000,000

Amount in EUR

Balance as at April 1, 2019	Change in Equity share capital during the year	Balance as at March 31, 2020
66,000,000	-	66,000,000

Amount in EUR

B. OTHER EQUITY

	Reserves and surplus	
	Retained earnings	Total equity
Balance as at April 1, 2018	248,619,456	248,619,456
Profit for the year	101,074,354	101,074,354
Balance as at March 31, 2019	349,693,810	349,693,810
Balance as at April 1, 2019	349,693,810	349,693,810
Transition impact of Ind AS 116	(18,509)	(18,509)
Restated balance as at April 1, 2019	349,675,301	349,675,301
Loss for the year	(54,444,875)	(54,444,875)
Dividend	(30,000,000)	(30,000,000)
Balance as at March 31, 2020	265,230,426	265,230,426

NOTES FORMING PART OF 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 Netherlands B.V.

For KBJ & Associates

Chartered Accountants

Firm registration no.114934W

Kaushik B. Joshi

Proprietor

Membership number : 48889

Mumbai, May 18, 2020

Pauroosasp Karkaria

Director

Pradeep Gaitonde

Director

Ajoyendra Mukherjee

Director

Amit Bajaj

Director

Statement of Cash flows

Amount in EUR

I. CASH FLOWS FROM OPERATING ACTIVITIES

Profit/(Loss) before tax	(44,888,564)	51,425,540
Adjustments to reconcile profit and loss to net cash provided by operating activities		
Depreciation expense	1,784,682	262,288
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	5,230	(81,313)
Exchange difference on translation of foreign currency cash and cash equivalents	97,877	(296,121)
Finance Cost	147,633	
Dividend income	(11,046,552)	(20,020,066)
Interest income	(6,040,583)	(1,375,896)

Operating Profit/(Loss) before working capital changes

Net change in

Trade receivables	(15,886,817)	(37,147,158)
Unbilled receivables	(6,887,247)	12,322,691
Other financial assets	139,019	-
Other assets	2,070,379	(30,142,906)
Loans receivable	510,847	(891,918)
Trade & other payables	58,725,378	27,516,113
Other financial liabilities	1,912,160	2,014,963
Unearned and deferred revenues	(11,168,604)	13,544,563
Employee benefit obligations	505,262	370,857
Other liabilities and provisions	(2,281,310)	4,895,264

Cash (used in)/generated from operations

Taxes paid (net of refund)	(32,301,210)	22,396,901

Net cash generated from operating activities

	18,710,527	6,421,062

II. CASH FLOWS FROM INVESTING ACTIVITIES

Payment for purchase of property and equipment	(3,532,378)	(320,111)
Payment for purchase of intangible assets	-	(858,684)
Purchase of investments	(28,000)	-
Interest received	6,047,766	782,757
Dividend received	11,046,552	19,813,160
Proceeds from repayment of inter-co loans	4,000,000	12,000,000
Net cash generated from operating activities	17,533,940	31,417,122

III. CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid (including tax on dividend)	(30,000,000)	-
Interest paid	(63,237)	-
Repayment of lease liabilities and interest	(1,176,787)	-
Net cash used in financing activities	(31,240,024)	-
Net change in cash and cash equivalents	5,004,443	37,838,184
Cash and cash equivalents at the beginning of the year	57,875,914	19,741,609
Exchange difference on translation of foreign currency cash and cash equivalents	(97,748)	296,121
Cash and cash equivalents, as at the end of the year (Refer Note 8)	62,782,609	57,875,914

IV. NOTES FORMING PART OF 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 Netherlands B.V.

For KBJ & Associates

Chartered Accountants

Firm registration no.114934W

Kaushik B. Joshi

Proprietor

Membership number : 48889

Mumbai, May 18, 2020

Pauroosasp Karkaria

Director

Pradeep Gaitonde

Director

Ajoyendra Mukherjee

Director

Amit Bajaj

Director

Notes forming part of the Financial Statement

1. CORPORATE INFORMATION

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.

2. STATEMENT OF COMPLIANCE

These special purpose 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. This special purpose financial statements have been prepared for inclusion of Tata Consultancy Services Limited (Intermediate Holding Company) under the requirement of Section 129(3) of the Companies Act, 2013('the Act').

3. BASIS OF PREPARATION

These special purpose financial statements have been presented in EURO which is the functional currency of the Company.

These special purpose financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in division II of Schedule III to the Company's Act, 2013. Based on the nature of services rendered to customer and time elapsed between deployment of resources and realisation in cash and cash equivalents of the consideration for such a services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under Indirect method.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements is 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.

The Company uses the following critical accounting estimates in preparation of its financial statements:

a) Revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Notes forming part of the Financial Statement

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b) 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.

c) Impairment of investments in subsidiaries

The Company reviews its carrying value of investments carried at cost (net of impairment, if any) 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.

d) 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.

e) Provisions of Income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period

f) Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

Notes forming part of the Financial Statement

g) Employee benefits

The accounting of employee benefit plan is in the nature of defined contribution and have been explained under employee benefits note.

h) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5. RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

6. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY 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.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

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 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.

Notes forming part of the Financial Statement

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.

Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment loss, if any.

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 issued by the Company are recognised at the proceeds received net of direct issue cost.

Impairment of 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. 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 allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(a) Investments

Investments consists of the following:

Investments -Non-current

	Amount in EUR	
	As at March 31, 2020	As at March 31, 2019
Investment in subsidiaries		
Fully paid equity shares (unquoted)	191,808,930	191,780,930
	<u>191,808,930</u>	<u>191,780,930</u>

Aggregate value of unquoted investments is as follows:

	Amount in EUR	
	As at March 31, 2020	As at March 31, 2019
Aggregate value of unquoted investments	191,808,930	191,780,930

Notes forming part of the Financial Statement

In Numbers	Currency	Face value per share	Investment in subsidiaries	Amount in EUR	
				As at March 31, 2020	As at March 31, 2019
			Fully paid equity shares (unquoted)		
14,867,651	EUR	0.03	Tata Consultancy Services France S.A.	102,265,680	102,265,680
150,000	CHF	10	Tata Consultancy Services Switzerland Ltd	63,648,300	63,648,300
60,200	EUR	1	Tata Consultancy Services De Espana SA	17,000,000	17,000,000
5,599	EUR	1000	Tata Consultancy Services Luxembourg S.A.	5,599,000	5,599,000
-	EUR	-	Tata Consultancy Services Italia SRL	2,200,000	2,200,000
1,000	SAR	3750	Tata Consultancy Services Saudi Arabia	898,382	898,382
10,000	DKK	100	Tata Consultancy Services Danmark ApS	134,568	134,568
-	EUR	-	Tata Consultancy Services Osterreich GmbH	35,000	35,000
25,000	EUR	1	TCS Business Services GmbH	28,000	-
				191,808,930	191,780,930

Tata Consultancy Services France S.A, (TCS France) 100 percent Subsidiary has a negative net equity value as on 31st March 2020. The carrying value of the investment in the Company, as on 31st March 2020 has not been impaired, because the entity is believed to be able to recover from its negative net equity in the foreseeable future. The recoverable amount was estimated based on both its net realisable value and its value in use basis the assessment in 2019-20 was determined to be in excess of its carrying value of the investment, consequentially no impairment loss was recognised in the profit and loss account of the company.

The Company has also committed, vide letter dated April 24, 2020 addressed to the management and auditors of TCS France to provide sufficient financial support to enable the TCS France to meet its liabilities fall due till September 2021 and will not call back the outstanding loan as on 31st March 2020 of EUR 12,000,000 till the time TCS France reaches financial viability

(b) Trade Receivables

Trade receivables (unsecured) consist of following:

Trade Receivables -Current

- (a) Considered Good
Less : Allowance for doubtful trade receivables

Amount in EUR	
As at March 31, 2020	As at March 31, 2019
165,908,582	150,016,223
(97,053)	(91,511)
165,811,529	149,924,712

Above balances of trade receivables includes balance with related parties (Refer Note 20)

(c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

- Balances with banks
In current accounts

Amount in EUR	
As at March 31, 2020	As at March 31, 2019
62,782,609	57,875,914
62,782,609	57,875,914

Notes forming part of the Financial Statement

(d) Loans receivables

Loans receivables (unsecured) consist of the following:

Loans receivables-Current

	Amount in EUR	
	As at March 31, 2020	As at March 31, 2019
Considered Good		
Loans to related parties	12,000,000	16,000,000
Loans and advances to employees	1,692,088	2,202,935
	13,692,088	18,202,935

(e) Other financial assets

Other financial assets consist of the following:

Other financial assets - Non-current

	Amount in EUR	
	As at March 31, 2020	As at March 31, 2019
Security deposits	435,078	334,878
	435,078	334,878

Other financial assets - Current

	Amount in EUR	
	As at March 31, 2020	As at March 31, 2019
Security deposits	-	15,240
Interest receivable	17,020	24,203
Others	2,293,019	2,516,998
	2,310,039	2,556,441

(f) Trade Payables

Trade payables consist of the following:

	Amount in EUR	
	As at March 31, 2020	As at March 31, 2019
(a) Accrued expenses	27,722,534	30,605,056
(b) Trade and other payables	95,573,497	33,965,597
	123,296,031	64,570,653

Above balances of trade payables includes balance with related parties (Refer Note 20)

Notes forming part of the Financial Statement

(g) Other financial liabilities - Current

Other financial liabilities consist of the following:

Amount in EUR

	As at March 31, 2020	As at March 31, 2019
(a) Accrued payroll	4,663,616	3,209,382
(b) Capital creditors	916,463	27,608
(c) Liability towards customer contracts	5,251,148	4,793,222
(d) Others	11,248	11,248
	10,842,475	8,041,460

(h) Financial Instrument by Category

The carrying value of financial instruments by categories as of March 31, 2020 is as follows:

Amount in EUR

	Amortised cost	Total carrying value
Financial assets:		
Cash and cash equivalents	62,782,609	62,782,609
Trade receivables	165,811,529	165,811,529
Unbilled receivables	17,360,428	17,360,428
Short-term Loans	13,692,088	13,692,088
Other financial assets	2,745,117	2,745,117
Total	262,391,771	262,391,771
Financial liabilities:		
Trade payables	123,296,031	123,296,031
Lease liabilities	6,801,085	6,801,085
Other financial liabilities	10,842,475	10,842,475
Total	140,939,591	140,939,591

The carrying value of financial instruments by categories as of March 31, 2019 is as follows:

Amount in EUR

	Amortised cost	Total carrying value
Financial assets:		
Cash and cash equivalents	57,875,914	57,875,914
Trade receivables	149,924,712	149,924,712
Unbilled revenues	10,473,184	10,473,184
Short term Loans	18,202,935	18,202,935
Other financial assets	2,891,319	2,891,319
Total	239,368,064	239,368,064
Financial liabilities:		
Trade payables	64,570,653	64,570,653
Other financial liabilities	8,041,460	8,041,460
Total	72,612,113	72,612,113

Notes forming part of the Financial Statement

(i) 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 for 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.

(j) 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.

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, 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, 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 risk arising from fluctuations in exchange rates in those countries.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

The foreign exchange rate sensitivity is calculated by aggregation of net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all currencies by 10 percent 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 and loss and equity.

Notes forming part of the Financial Statement

The following table sets forth information relating to unhedged foreign currency exposure as of March 31, 2020

Amount in EUR

	USD	EUR	GBP	Others	Total
Assets :					
Cash and cash equivalents	12,060,916	48,088,603	-	2,633,090	62,782,609
Trade receivables	32,813,926	129,232,192	2,031,478	1,733,933	165,811,529
Unbilled revenues	3,935,584	13,408,760	16,084	-	17,360,428
Other financial assets	1,393,169	14,988,405	(581)	56,212	16,437,205
Total	50,203,595	205,717,960	2,046,981	4,423,235	262,391,771
Liabilities :					
Trade payables	16,122,105	100,621,659	3,385,562	3,166,705	123,296,031
Other financial liabilities	2,117,468	15,176,689	10,656	338,747	17,643,560
Total	18,239,573	115,798,348	3,396,218	3,505,452	140,939,591
Net exposure asset/(liability)	31,964,022	89,919,612	(1,349,237)	917,783	121,452,180

10 percent 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 EUR 3,153,257 for the year ended March 31, 2020

The following table sets forth information relating to unhedged foreign currency exposure as of March 31, 2019

Amount in EUR

	USD	EUR	GBP	Others	Total
Assets :					
Cash and cash equivalents	12,073,779	45,802,135	-	-	57,875,914
Trade receivables	33,563,217	111,053,964	5,246,412	61,119	149,924,712
Unbilled revenues	3,092,865	7,145,421	234,898	-	10,473,184
Other financial assets	1,639,152	19,450,655	4,717	(270)	21,094,254
Total	50,369,013	183,452,175	5,486,027	60,849	239,368,064
Liabilities :					
Trade payables	13,200,467	49,464,622	1,528,074	377,490	64,570,653
Other financial liabilities	2,241,840	5,789,266	10,639	(285)	8,041,460
Total	15,442,307	55,253,888	1,538,713	377,205	72,612,113
Net exposure asset/(liability)	34,926,706	128,198,287	3,947,314	(316,356)	166,755,951

10 percent 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 EUR 3,855,766 for the year ended March 31, 2019

Impact of COVID-19 (Global pandemic)

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

(b) Interest rate risk

The Company is not exposed to interest rate risk.

Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms 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

Notes forming part of the Financial Statement

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 receivables (PY 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 EUR 232,252,798 and EUR 239,368,064 as of March 31, 2020 and March 31, 2019, respectively, being the total of the carrying amount of balances with banks, trade receivables, unbilled receivables (previous year: Unbilled Revenue) and other financial assets excluding equity.

The following customers form more than 10 percent of outstanding trade receivable, unbilled receivables and contract assets as at March 31, 2020 and March 31, 2019 are as follows.

	As at March 31, 2020		As at March 31, 2019	
	Total Trade receivables, Unbilled receivables and Contract assets	Percentage	Total Trade receivables, Unbilled receivables and Contract assets	Percentage
Customer A	24,636,888	12	24,848,383	14
Customer B	19,142,380	9	8,563,855	5
Customer C	15,979,785	8	16,429,524	9

Geographic concentration of credit risk

The Company is not exposed to the risk as the customer base of Company is concentrated in Netherlands.

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:

Amount in EUR

As at March, 31 2020	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th years	Total
Non-derivative financial liabilities:					
Trade payables	123,296,031	-	-	-	123,296,031
Lease Liabilities	1,618,450	1,398,809	2,566,633	1,452,294	7,036,186
Other financial liabilities	10,842,475	-	-	-	10,842,475
Total	135,756,956	1,398,809	2,566,633	1,452,294	141,174,692

Amount in EUR

As at March, 31 2019	Due in 1st year	Total
Non-derivative financial liabilities:		
Trade payables	64,570,653	64,570,653
Other financial liabilities	8,041,460	8,041,460
Total	72,612,113	72,612,113

Notes forming part of the Financial Statement

Other risk-Impact of COVID 19

Trade receivables of EUR 165.81 million as at March 31, 2020 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to customers in Retail, Travel, Transportation and Hospitality, Manufacturing and Energy verticals which could have an immediate impact and the rest which could have an impact with a lag. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables, short term loans and other financial asset of EUR 33.79 million as at March 31, 2020 while arriving at the level of provision that is required.

(k) Equity Instrument

Amount in EUR

(i) Authorised :

66,000 equity shares of EUR 1000 each
(March 31, 2018 : 66,000 equity shares of EUR 1,000 each)

(ii) Issued, subscribed and paid up:

66,000 equity shares of EUR 1000 each
(March 31, 2018 : 66,000 equity shares of EUR 1,000 each)

As at March 31, 2020	As at March 31, 2019
66,000,000	66,000,000
66,000,000	66,000,000
66,000,000	66,000,000
66,000,000	66,000,000

Note:

i) Reconciliation of number of shares

Amount in EUR

Equity shares

Opening balance
Changes during the year
Closing balance

As at March 31, 2020	As at March 31, 2019
66,000	66,000
-	-
66,000	66,000

ii) Details of shares held by shareholders holding more than 5 percent of the aggregate shares in the Company

Amount in EUR

Equity shares

Tata Consultancy Services Limited (Holding Company)
% of shareholding

As at March 31, 2020	As at March 31, 2019
66,000	66,000
100%	100%

Notes forming part of the Financial Statement

iii) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares which is an 100 percent investment by Tata Consultancy Services Limited. Since Tata Consultancy Services Limited is the only shareholder for the Company, it carry a right to dividend and also in the event of liquidation, Tata Consultancy Services Limited is eligible to receive the remaining assets of the Company.

7. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard

Notes forming part of the Financial Statement

to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Refer note 2(f) – Significant accounting policies – Leases in the financial of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of EUR 2 million and a corresponding lease liability of EUR 2.38 million has been recognized. The cumulative effect on transition in retained earnings net off taxes is EUR 18,509 (including a deferred tax of EUR 6,169). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 1.13 percent has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

Finance lease

The Company has no leases that were classified as finance lease.

The details of the right-of-use asset held by the Company is as follows:

Description	Amount in EUR	
	Additions for year ended March,20	Net Carrying Amount as at March 31,2020
Leasehold Building	5,512,176	5,726,881
Automobiles	-	571,498
Total	5,512,176	6,298,379

Notes forming part of the Financial Statement

Depreciation on right-of-use assets is as follows:

Depreciation

Leasehold Building

Automobiles

Total

Amount in EUR

Year Ended March 31, 2020
875,794
411,341
1,287,135

Interest on lease liabilities is 84,396 Euro for the year ended March 31, 2020.

The Company incurred EUR 701,090 for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is EUR 1.87 million for the year ended March 31, 2020, including cash outflow for short term and low value leases. The Company has lease term extension options that are not reflected in the measurement of lease liabilities.

Lease contracts entered by the Company majorly pertains for buildings and vehicles taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

Impact of COVID 19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

8. NON-FINANACIAL ASSETS AND NON-FINANCIAL LIABILITIES

(a) Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a 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 lives
Leasehold improvements	5 years
Plant and equipment	10 years
Computer equipment	4 years
Office equipment	5 years
Electrical installations	10 years
Furniture and fixtures	5 years

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

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.

Notes forming part of the Financial Statement

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.

Property, plant and equipment consist of the following:

Amount in EUR

Description	Computer Equipment	Leasehold Improvements	Furniture and Fixtures	Office equipment	Electrical installations	Total
Cost as at April 1, 2019	1,388,935	548,025	510,603	49,123	-	2,496,686
Additions	596,216	-	310,465	17,396	13,477	937,554
Disposals	-	-	-	-	-	-
Cost as at March 31, 2020	1,985,151	548,025	821,068	66,519	13,477	3,434,240
Accumulated depreciation as at April 1, 2019	(1,008,081)	(548,024)	(502,179)	(12,163)	-	(2,070,447)
Depreciation expense for the year	(221,768)	-	(47,797)	(12,314)	(998)	(282,877)
Accumulated depreciation as at March 31, 2020	(1,229,849)	(548,024)	(549,976)	(24,477)	(998)	(2,353,324)
Net Carrying amount as at March 31, 2020	755,302	1	271,092	42,042	12,479	1,080,916

Amount in EUR

Description	Computer Equipment	Leasehold Improvements	Furniture and Fixtures	Office equipment	Total
Cost as at April 1, 2018	1,083,266	548,025	510,603	38,232	2,180,126
Additions	305,669	-	-	10,891	316,560
Disposals	-	-	-	-	-
Cost as at March 31, 2019	1,388,935	548,025	510,603	49,123	2,496,686
Accumulated depreciation as at April 1, 2018	(876,095)	(548,024)	(497,669)	(3,722)	(1,925,511)
Depreciation expense for the year	(131,986)	-	(4,509)	(8,441)	(144,937)
Accumulated depreciation as at March 31, 2018	(1,008,081)	(548,024)	(502,179)	(12,163)	(2,070,447)
Net Carrying amount as at March 31, 2018	380,854	1	8,424	36,960	426,239

(b) Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences which are amortised over licence period which equates the economic useful life ranging between 2-5 years on a straight line basis over the period of its economic useful life.

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.

Notes forming part of the Financial Statement

Intangible assets consist of the following:

Description

Cost as at April 1, 2019

Additions

Disposals

Cost as at March 31, 2020

Accumulated amortisation as at April 1, 2019

Amortisation expense for the year

Accumulated amortisation as at March 31, 2020

Net Carrying amount as at March 31, 2020

Amount in EUR

Software licences
858,684
-
-
858,684
(117,352)
(214,671)
(332,023)
526,661

Description

Cost as at April 1, 2018

Additions

Disposals

Cost as at March 31, 2019

Accumulated amortisation as at April 1, 2018

Amortisation expense for the year

Accumulated amortisation as at March 31, 2019

Net Carrying amount as at March 31, 2019

Amount in EUR

Software licences
-
858,684
-
858,684
-
(117,352)
(117,352)
741,332

The estimated amortisation for the years subsequent to March 31, 2020 is as follows:

Year ending March 31,

2021

2022

2023

2024

Thereafter

Total

Amount in EUR

Amortisation expenses
214,671
214,671
97,319
-
-
526,661

(c) Other assets

Other assets consist of the following:

Other assets - Non-current

Amount in EUR

As at March 31, 2020	As at March 31, 2019
5,247,116	7,281,484
1,112,062	2,202,808
6,359,178	9,484,292

Contract assets

Contract fulfillment costs

Notes forming part of the Financial Statement

Other assets - Current

Amount in EUR

Considered Good

	As at March 31, 2020	As at March 31, 2019
Contract assets	11,729,201	9,555,211
Prepaid expenses	8,841,916	7,809,923
Contract fulfillment costs	3,062,205	4,246,677
Advance to suppliers	441,797	722,353
Others	58,010	744,229
	24,133,129	23,078,393

Contract fulfillment costs of EUR 13,857,275 for the years ended March 31, 2020 have been amortised in the statement of profit and loss. Refer note 10 for the changes in contract asset.

(d) Provisions

Provisions consist of the following:

Provisions - Current

Amount in EUR

Provision for foreseeable loss

	As at March 31, 2020	As at March 31, 2019
	13,640	15,478
	13,640	15,478

(e) Other liabilities

Other liabilities consist of the following:

Other liabilities - Current

Amount in EUR

- (a) Indirect tax payable and other statutory liabilities
- (b) Advance received from customers

	As at March 31, 2020	As at March 31, 2019
(a)	12,286,835	12,658,329
(b)	160,289	2,352,364
	12,447,124	15,010,693

9. OTHER EQUITY

Other equity consist of the following:

Amount in EUR

Retained earnings

	As at March 31, 2020	As at March 31, 2019
(i) Opening balance	349,693,810	248,619,456
(ii) Profit for the year	(54,444,875)	101,074,354
(iii) Transition impact of Ind AS 116	(18,509)	-
(iv) Less : Appropriations		
(a) Dividend on equity shares	(30,000,000)	-
	265,230,426	349,693,810

Notes forming part of the Financial Statement

10. REVENUE

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method (POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from subsidiaries is recognised based on transaction price which is at arm's length.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Notes forming part of the Financial Statement

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals and geography.

Revenue disaggregation by nature of services is as follows:

	Amount in EUR	
	Year ended March 31, 2020	Year ended March 31, 2019
Consultancy services	642,691,365	562,055,894
Sale of equipment and software licences	441,660	1,115,687
Total	643,133,025	563,171,581

Revenue disaggregation by industry vertical is as follows:

Industry Verticals

	Amount in EUR	
	Year ended March 31, 2020	Year ended March 31, 2019
Banking, Financial Services and Insurance	181,096,494	153,078,443
Manufacturing	54,666,752	44,980,391
Retail and Consumer Business	44,890,505	32,083,460
Hi-Tech	182,461,607	170,525,774
Energy & utilities	92,391,708	98,513,572
Others	87,625,959	63,989,941
Total	643,133,025	563,171,581

Revenue disaggregation by geography is as follows:

Geography

	Amount in EUR	
	Year ended March 31, 2020	Year ended March 31, 2019
Europe	627,606,080	550,118,737
America	12,878,018	8,052,111
Others	2,648,927	5,000,733
Total	643,133,025	563,171,581

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revaluations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially

Notes forming part of the Financial Statement

satisfied) performance obligations is EUR 646 million out of which 44.38 percent is expected to be recognised as revenue in the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in Contract assets are as follows :

	Amount in EUR	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	16,836,695	17,762,767
Revenue recognised during the year	30,970,809	35,206,634
Invoices raised during the year	(30,855,785)	(36,383,573)
Translation exchange difference	24,598	250,867
Balance at the end of the year	16,976,317	16,836,695

Changes in Unearned and deferred revenue are as follows :

	Amount in EUR	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	22,177,750	8,633,187
Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year	(12,999,166)	(8,633,187)
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	1,779,081	21,937,979
Translation exchange difference	51,479	239,771
Balance at the end of the year	11,009,144	22,177,750

Reconciliation of revenue recognized with the Contracted price is as follows :

	Amount in EUR	
	Year ended March 31, 2020	Year ended March 31, 2019
Contracted price	643,133,025	563,171,581
Reductions towards variable consideration components	-	-
Revenue recognised	643,133,025	563,171,581

Impact of COVID 19

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from

- the inability of our customers to continue their businesses due to financial resource constraints or their services no longer being availed by their customers
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers not in a position to accept alternate delivery modes using Secured Borderless WorkSpaces
- customers postponing their discretionary spend due to change in priorities

The Company has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve

Notes forming part of the Financial Statement

resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meeting its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage-completion-basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

11. OTHER INCOME

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

Other Income consist of the following:

	Amount in EUR	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest income	6,040,583	1,375,896
Dividend income	11,046,552	20,020,066
Net foreign exchange gains	(24,551)	2,067,606
Miscellaneous income	3	3,296
	17,062,587	23,466,864
Interest income consist of the following:		
Interest income on bank deposits	151,111	206,570
Interest income on financial assets at amortised cost	228,607	407,297
Interest on income tax refunds	5,660,865	762,029

12. EMPLOYEE BENEFIT EXPENSES

Defined contribution plans

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

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is 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.

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.

Notes forming part of the Financial Statement

Employee benefit expenses consist of the following:

	Amount in EUR	
	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, incentives and allowances	165,741,907	138,011,216
Contributions to provident and other funds	6,779,770	3,757,060
Staff welfare expenses	5,143,810	4,809,122
	177,665,487	146,577,398

Employee benefit obligation consist of the following:

Employee benefit obligation - Current

	Amount in EUR	
	Year ended March 31, 2020	Year ended March 31, 2019
Compensated absences	3,374,319	2,869,023
Other employee benefit obligations	127,838	127,871
	3,502,157	2,996,894

13. 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, cost of equipment and software licenses, depreciation and amortisation expense and other expenses. Other expenses mainly include fees to external consultants, facility expenses, travel expenses, communication expenses, bad debts and advances written off, allowance for doubtful trade receivable and advances (net) 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.

(a) Cost of equipment and software licences

Cost of equipment and software licenses consist of the following:

	Amount in EUR	
	Year ended March 31, 2020	Year ended March 31, 2019
Cost of Equipment and software licences	427,237	1,545,016
	427,237	1,545,016

Notes forming part of the Financial Statement

(b) Other expenses

Other expenses consist of the following:

	Amount in EUR	
	Year ended March 31, 2020	Year ended March 31, 2019
Fees to external consultants (including subcontractor cost)	310,868,810	31,503,754
Facility expenses	566,715	825,412
Travel expenses	6,901,910	5,594,095
Communication expenses	24,403,113	16,939,196
Project expenses*	158,244,469	306,245,675
Allowance for doubtful trade receivables and advances (net)	5,230	[81,313]
Other expenses **	24,068,890	25,777,150
	525,059,137	386,803,969

* On conclusion of the tax proceedings of the Company and the overseas parent, taxable income of EUR 94.10 million attributable to the Company for prior years reduced with a corresponding increase in the income attributable to the overseas parent. Accordingly, the impact of the resolution has been accounted for in the companies books.

**Other expenses

	Amount in EUR	
	Year ended March 31, 2020	Year ended March 31, 2019
Software expenses	4,831,557	5,009,803
Corporate overhead allocation	10,927,567	13,109,958
Other expenses	8,309,766	7,657,390
	24,068,890	25,777,150

14. FINANCE COSTS

	Amount in EUR	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest on Lease Liabilities	84,396	-
Other Interest	63,237	24,234
	147,633	24,234

15. INCOME TAX

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.

Current income taxes

The current income tax expense includes income taxes payable by the Company and its branches in India and overseas. The current tax payable by the Company in India is Indian income tax payable on worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Current income tax payable by overseas branches of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred 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 an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

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.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends

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, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Income-tax expenses consist of the following:

	Amount in EUR	
	Year ended March 31, 2020	Year ended March 31, 2019
Current tax		
Current tax expense for current year	9,448,635	7,990,164
Current tax benefit pertaining to prior years	-	(57,595,884)
	9,448,635	(49,605,720)
Deferred tax		
Deferred tax expense/(benefit) for current year	107,676	(43,094)
	107,676	(43,094)
Total income tax expense recognised in current year	9,556,311	(49,648,814)

Notes forming part of the Financial Statement

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

	Amount in EUR	
	Year ended March 31, 2020	Year ended March 31, 2019
Profit/(Loss) before taxes	(44,888,564)	51,425,540
Enacted Income tax rate in Netherlands	25.00%	25.00%
Expected Income tax expense	(11,222,141)	12,856,385
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income exempt from tax	(2,761,638)	(5,005,017)
Income of Subsidiaries taxed at diff tax rates (net)	(188,703)	-
Tax on income at different rates	(13,243)	(10,493)
Tax pertaining to prior years:	(8,963)	(57,595,884)
Tax on non deductible expenses	23,752,040	106,195
Other Temporary difference	(1,041)	-
	9,556,311	(49,648,814)

Significant components of net Deferred tax assets and Deferred tax liabilities recognized as of 31 March 2020 and 31 March 2019

	Amount in EUR	
	As at March 31, 2020	As at March 31, 2019
Particulars		
Deferred tax liabilities in relation to		
Provision for employee benefits	(567,126)	(459,450)
Others (Netting off)	6,169	-
Net Deferred tax liability at the end of the year	(560,957)	(459,450)

Gross deferred tax assets and liabilities are as follows:

	Amount in EUR			
	Balance Sheet		Statement of profit and loss	
	As at		For the period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Deferred tax assets	6,169	-	-	-
Deferred tax liabilities	567,126	459,450	(107,676)	(43,094)
Net Deferred tax assets/(liabilities) recognized	(560,957)	(459,450)	107,676	43,094

Notes forming part of the Financial Statement

The following table provides the details of Income tax assets and income tax liabilities recognized as of 31 March 2020, 31 March 2019

	Amount in EUR	
Particulars	As at March 31, 2020	As at March 31, 2019
Income tax assets	3,592,375	65,622,640
Income tax liabilities	-	(1,563,724)
Net income tax assets / (liabilities) at the end of the year	3,592,375	64,058,916

16. EARNINGS PER SHARE (EPS)

	Amount in EUR	
	As at March 31, 2020	As at March 31, 2019
Profit/(loss) for the year (EUR)	(54,444,875)	101,074,354
Weighted average number of equity shares	66,000	66,000
Earnings per share basic and diluted (EUR)	(825)	1,531
Face value per equity share	1,000	1,000

17. AUDITORS REMUNERATION

	Amount in EUR	
	As at March 31, 2020	As at March 31, 2019
Services as statutory auditors	34,996	35,704
	34,996	35,704

18. SEGMENT INFORMATION

The Company publishes the standalone financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

19. COMMITMENTS AND CONTINGENCIES

Capital Commitments

The Company has contractually committed (net of advances) EUR 491,074 as at March 31, 2020 for purchase of property, plant and equipment.

20. RELATED PARTY TRANSACTIONS

Tata Consultancy Services Netherlands B.V.'s principal related parties consist of its holding Company Tata Consultancy Services Limited and its subsidiaries, its own subsidiaries and ultimate holding Company Tata Sons Private Limited. Company routinely enters into transactions with its related parties in the ordinary course of business.

Notes forming part of the Financial Statement

Related Party Reporting for FY 2019-20

Amount in EUR

Year ended March 31, 2020				
	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Subsidiaries of the Company	Tata Sons Private Limited
I. Transactions				
Revenue	12,597,700	7,094,077	3,863,492	-
Purchase of goods and services	472,592,858	6,822,227	1,305,329	-
Brand equity contribution	-	-	-	(6,863)
Interest income	-	-	228,607	-
Dividend received	-	-	11,046,552	-
Dividend paid	30,000,000	-	-	-
Loans and advances recovered	-	-	4,000,000	-
As at March 31, 2020				
II. Balances				
Trade receivables and unbilled receivables	15,011,370	4,486,354	2,506,568	-
Loans given	-	-	12,000,000	-
Other receivables	2,212,027	80,688	302	-
Interest accrued on loans given	-	-	17,020	-
Prepaid Assets	8,230,764	110,721	36,404	-
Trade payables, unearned and deferred revenue and other liabilities	105,199,130	4,196,510	2,383,129	-

Related Party Reporting for FY 2018-19

Amount in EUR

Year ended March 31, 2019				
	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Subsidiaries of the Company	Tata Sons Private Limited
I. Transactions				
Revenue	8,401,552	5,185,860	114,309	-
Purchase of goods and services	344,696,144	7,825,733	1,939,395	-
Brand equity contribution	-	-	-	1,313,475
Interest income	-	-	407,297	-
Dividend received	-	-	20,020,066	-
Loans and advances recovered	-	-	12,000,000	-
As at March 31, 2019				
II. Balances				
Trade receivables and unbilled receivables	7,862,823	4,515,427	1,431,978	-
Loans given	-	-	16,000,000	-
Other receivables	2,465,550	51,733	23,917	-
Trade payables, unearned and deferred revenue and other liabilities	33,151,054	3,234,746	1,208,263	1,380,000

Notes forming part of the Financial Statement

21. SUBSEQUENT EVENT

There are no subsequent event post 31 March 2020, which will have material effect on the financial statement.

As per our report of even date attached

For KBJ & Associates

Chartered Accountants

Firm registration no.114934W

Kaushik B. Joshi

Proprietor

Membership number : 48889

Mumbai, May 18, 2020

For and on behalf of the Board of Directors
of Tata Consultancy Services Netherlands B.V.

Pauroosasp Karkaria

Director

Ajoyendra Mukherjee

Director

Pradeep Gaitonde

Director

Amit Bajaj

Director

TCS IBEROAMERICA S.A.

Report to the Board of Directors regarding the audit of the Separate Financial Statements

**For the year ended
March 31, 2020**

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF TCS IBEROAMERICA S.A.

Opinion

We have audited the separate financial statements of TCS Iberoamerica S.A. ("the Company"), which comprise the separate statement of financial position as at March 31, 2020, the separate 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 separate financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with 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 Separate 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 separate 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 14, the Company has significant transactions and maintains significant balances with related parties. Our opinion is not modified in respect of this matter.

Responsibilities of Those Charged with Governance for the Separate Financial Statements

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

In preparing the separate 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.

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

Our objectives here are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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 22, 2020

KPMG

Gabriela Cervieri

Partner

C.J. y P.P.U. N° 64.031

Separate Statement of Financial Position

	Note	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
		(in US Dollars)		(equivalent in Uruguayan Pesos)	
ASSETS					
Current assets					
Cash and cash equivalents	8 (a)	48.231	16.408	2.074.308	549.420
Other assets	9 (a)	6.106	8.511	262.597	284.986
Total current assets		54.337	24.919	2.336.905	834.406
Non-current assets					
Investments	8 (b)	233.229.644	282.467.139	10.030.740.548	9.458.129.688
Advance income taxes (net)		4.835	600	207.925	20.092
Total non-current assets		233.234.479	282.467.739	10.030.948.473	9.458.149.780
TOTAL ASSETS		233.288.816	282.492.658	10.033.285.378	9.458.984.186
LIABILITIES AND EQUITY					
Liabilities					
Current liabilities					
Trade payables	8 (c)	220.610	719.086	9.487.990	24.077.881
Other financial liabilities	8 (d)	1.350.470	6.218.681	58.081.018	208.226.326
Other liabilities	9 (b)	792	605	34.052	20.256
Total current liabilities		1.571.872	6.938.372	67.603.060	232.324.463
TOTAL LIABILITIES		1.571.872	6.938.372	67.603.060	232.324.463
Equity:					
Share capital	8 (h)	98.418.354	98.418.354	2.122.783.424	2.122.783.424
Legal reserves		14.894.437	11.477.179	418.018.271	297.594.766
Other reserves		(110.363.442)	(53.526.003)	908.421.203	646.335.806
Retained earnings		228.767.595	219.184.756	6.516.459.420	6.159.945.727
Total equity		231.716.944	275.554.286	9.965.682.318	9.226.659.723
TOTAL LIABILITIES AND EQUITY		233.288.816	282.492.658	10.033.285.378	9.458.984.186

SEE ACCOMPANYING NOTES TO SEPARATE FINANCIAL STATEMENTS

Separate Statement of Profit or Loss and Other Comprehensive Income

	Note	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
		[in US Dollars]		[equivalent in Uruguayan Pesos]	
Revenues					
Consultancy services		-	-	-	-
TOTAL REVENUES		-	-	-	-
Operating expenses					
Other operating expenses	10	34.328	25.860	1.355.157	826.334
TOTAL OPERATING EXPENSES		34.328	25.860	1.355.157	826.334
OPERATING PROFIT		34.328	25.860	1.355.157	826.334
Other income / (expense)					
Investment revenue		381	-	14.348	-
Share of profit of equity – accounted investees, net of tax	8 (b)	63.180.745	75.504.546	2.347.982.321	2.500.471.425
Finance income	11 (a)	1.002.333	572.608	37.334.444	19.218.245
Finance costs	11 (b)	-	(320.183)	-	(10.167.006)
Other income / (expense), net		64.183.459	75.756.971	2.385.331.113	2.509.522.664
PROFIT BEFORE TAXES		64.149.131	75.731.111	2.383.975.956	2.508.696.330
Income tax expense	12	3.057.478	3.151.912	105.958.067	100.226.227
PROFIT FOR THE YEAR		61.091.653	72.579.199	2.278.017.889	2.408.470.103
OTHER COMPREHENSIVE INCOME, NET OF TAXES:					
Items that are or may be reclassified to profit or loss					
Translation adjustment	8 (b)	(56.341.482)	(16.323.341)	307.396.125	697.658.599
Employee benefit movement	8 (b)	(495.957)	(39.828)	(21.330.119)	(1.333.601)
Conversion adjustment		-	-	(23.980.609)	(40.531.594)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4.750.171	56.255.858	2.561.433.405	3.065.597.108

SEE ACCOMPANYING NOTES TO SEPARATE FINANCIAL STATEMENTS

Separate Statement of Changes in Equity

[in US Dollars]

Note	Equity share capital	Legal reserves	Other reserves	Retained earnings	Total equity
Balance as at March 31, 2018	98.418.354	9.209.241	(37.162.834)	168.891.383	239.356.144
Profit for the year	-	-	-	72.579.199	72.579.199
Dividend	5 (c)	-	-	(20.017.888)	(20.017.888)
Transfer to legal reserves	-	2.267.938	-	(2.267.938)	-
Other comprehensive income	-	-	(16.363.169)	-	(16.363.169)
Balance as at March 31, 2019	98.418.354	11.477.179	(53.526.003)	219.184.756	275.554.286
Other changes in retained earnings of subsidiaries	8 (b)	-	-	(1.770.056)	(1.770.056)
Balance as of April 1, 2019 (Restated)	98.418.354	11.477.179	(53.526.003)	217.414.700	273.784.230
Profit for the year	-	-	-	61.091.653	61.091.653
Dividend	5 (c)	-	-	(46.321.500)	(46.321.500)
Transfer to legal reserves	5 (a)	3.417.258	-	(3.417.258)	-
Other comprehensive income	-	-	(56.837.439)	-	(56.837.439)
Balance as at March 31, 2020	98.418.354	14.894.437	(110.363.442)	228.767.595	231.716.944

SEE ACCOMPANYING NOTES TO SEPARATE FINANCIAL STATEMENTS

Separate Statement of Changes in Equity

(equivalent in Uruguayan Pesos)

	Note	Equity share capital	Legal reserves	Other reserves	Retained earnings	Total equity
Balance as at March 31, 2018		2.122.783.424	226.365.646	(9.457.598)	4.455.390.112	6.795.081.584
Profit for the year		-	-	-	2.408.470.103	2.408.470.103
Dividend	5 (c)	-	-	-	(632.685.368)	(632.685.368)
Transfer to legal reserves		-	71.229.120	-	(71.229.120)	-
Other comprehensive income		-	-	696.324.998	-	696.324.998
Translation		-	-	(40.531.594)	-	(40.531.594)
Balance as at March 31, 2019		<u>2.122.783.424</u>	<u>297.594.766</u>	<u>646.335.806</u>	<u>6.159.945.727</u>	<u>9.226.659.723</u>
Other Changes in retained earnings of subsidiaries	8 (b)	-	-	-	(70.985.554)	(70.985.554)
Balance as of April 1, 2019 (Restated)		2.122.783.424	297.594.766	646.335.806	6.088.960.173	9.155.674.169
Profit for the year		-	-	-	2.278.017.889	2.278.017.889
Dividend	5 (c)	-	-	-	(1.730.095.137)	(1.730.095.137)
Transfer to legal reserves	5 (a)	-	120.423.505	-	(120.423.505)	-
Other comprehensive income		-	-	286.066.006	-	286.066.006
Translation		-	-	(23.980.609)	-	(23.980.609)
Balance as at March 31, 2020		<u>2.122.783.424</u>	<u>418.018.271</u>	<u>908.421.203</u>	<u>6.516.459.420</u>	<u>9.965.682.318</u>

SEE ACCOMPANYING NOTES TO SEPARATE FINANCIAL STATEMENTS

Separate Statement of Cash Flows

	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
	(in US Dollars)		(equivalent in Uruguayan Pesos)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	61.091.653	72.579.199	2.278.017.889	2.408.470.103
Adjustments to reconcile net income to net cash provided by operating activities				
Income tax expense	3.057.478	3.151.912	105.958.067	100.226.227
Finance costs	-	320.183	-	10.167.006
Share of profit of equity-accounted investees, net of tax	(63.180.745)	(75.504.546)	(2.347.982.321)	(2.500.471.425)
Net change in				
Other assets (current and non-current)	2.405	(5.922)	22.389	(211.487)
Trade and other payables	(498.476)	(8.119)	(14.589.891)	(162.157)
Other liabilities (current and non-current)	187	100	13.796	5.918
Other financial liabilities (current)	(1.174.185)	(587.570)	(20.311.998)	(14.601.038)
Cash generated from operations	(701.683)	(54.763)	1.127.931	3.423.147
Taxes paid	(11.527)	(11.281)	(428.218)	(351.084)
Net cash provided by operating activities	(713.210)	(66.044)	699.713	3.072.063
CASH FLOWS FROM INVESTING ACTIVITIES				
Capitalizations in subsidiary	(4.220.520)	(1.600.000)	(147.995.787)	(52.267.200)
Dividends received	51.287.053	30.788.288	1.902.896.708	982.036.604
Net cash used in investing activities	47.066.533	29.188.288	1.754.900.921	929.769.404
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings	-	(8.735.000)	-	(285.073.110)
Interest paid	-	(373.976)	-	(12.103.753)
Dividends paid	(46.321.500)	(20.017.888)	(1.730.095.137)	(632.685.368)
Net cash used in financing activities	(46.321.500)	(29.126.864)	(1.730.095.137)	(929.862.231)
Net change in cash	31.823	(4.620)	25.505.497	2.979.236
Effect of foreign exchange on cash	-	-	(23.980.609)	(3.026.783)
Cash and cash equivalents, beginning of the year	16.408	21.028	549.420	596.967
Cash and cash equivalents, end of the year	48.231	16.408	2.074.308	549.420

SEE ACCOMPANYING NOTES TO SEPARATE FINANCIAL STATEMENTS

Notes to the Separate Financial Statements

1. Corporate information

TCS Iberoamerica S.A. is a Limited Company incorporated in Uruguay on November 16, 2001.

In accordance with article 2 of the By-laws the Company's business purpose and main activity are the investment in subsidiaries.

It is currently domiciled at Monte Caseros 2600, in Montevideo, Uruguay.

The share capital reaches USD 98.418.354 (equivalent to 2.122.783.424 Uruguayan Pesos) in the form of registered shares. As at March 31, 2020, Tata Consultancy Services Limited owned 100 percentage of the Company's equity share capital.

The Company has no direct employees.

The Board of Directors approved the separate financial statements for the year ended March 31, 2020 and authorized for issue on May 22, 2020.

2. Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard 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.

3. Basis of preparation

The separate financial statements have been prepared on historical cost basis except for the investments in subsidiaries measured at Equity Method 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. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realization in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method. In the current year, the company has changed its presentation of interest income and expense as part of operating activities. In the previous year, the same was presented as investing and financing activity respectively. The change in the presentation is to align with the Cash Flow disclosure of the parent entity.

The functional currency of the Company is United States Dollar.

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognized in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

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 (43,008 Uruguayan Pesos = US\$ 1 and 33,484 Uruguayan Pesos = US\$ 1 was used for March 31, 2020 and 2019 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 reserves".

The significant accounting policies used in preparation of the separate financial statements have been discussed in the respective notes.

Notes to the Separate Financial Statements

4. Use of estimates and judgments

The preparation of separate financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and judgments that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the separate 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 recognized in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its separate financial statements:

a. Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

b. Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the separate financial statements.

5. Reserves

a. Legal reserve

The legal reserve is a reserve fund created in compliance with article 93 of Law 16.060 for commercial companies, which establishes that no less than 5 percent of the net profit for the year should be used to increase the mentioned reserve, until it reaches 20 percent of the paid-in capital.

On May 15, 2019, Ordinary General Meeting of Shareholders determined to create legal reserve for a total of \$ 120.423.505 Uruguayan Pesos (USD 3.417.258).

On May 22, 2018, Ordinary General Meeting of Shareholders determined to create legal reserve for a total of \$ 71.229.120 Uruguayan Pesos (USD 2.267.938).

As at March 31, 2020 the balance of legal reserve is 418.018.271 Uruguayan Pesos (USD 14.894.437).

b. Other reserve

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.

c. Distribution of results

On May 22, 2018, it was determined to distribute dividends in advanced for a total of \$ 632.685.368 Uruguayan Pesos (USD 20.017.888) in accordance to article 100 of Law 16.060, which have been cancelled at year end.

On May 15, 2019, it was determined to distribute dividends in advanced for a total of \$ 884.524.000 Uruguayan Pesos (USD 25.100.000) in accordance to article 100 of Law 16.060, which have been cancelled at year end.

On August 12, 2019, it was determined to distribute dividends in advanced for a total of \$ 258.487.200 Uruguayan Pesos (USD 7.200.000) in accordance to article 100 of Law 16.060, which have been cancelled at year end.

Notes to the Separate Financial Statements

On December 5, 2019, it was determined to distribute dividends in advanced for a total of \$ 265.489.937 Uruguayan Pesos (USD 7.021.500) in accordance to article 100 of Law 16.060, which have been cancelled at year end.

On March 18, 2020, it was determined to distribute dividends in advanced for a total of \$ 321.594.000 Uruguayan Pesos (USD 7.000.000) in accordance to article 100 of Law 16.060, which have been cancelled at year end.

6. Registration of Separate financial statements

According to Decree 156/16 dated May 30, 2016, commercial companies will not be able to distribute dividends as long as they do not comply with the obligation to register, within the established terms, the separate financial statements to the Auditoría Interna de la Nación (AIN), institution that regulates the commercial companies.

To date, the Company has complied with this obligation for the year ended on March 31, 2019. For the year ended on March 31, 2020 the company has time to comply until September 30, 2020.

7. Recent accounting standards

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS Standards	References to Conceptual Framework ¹

Amendments to IFRS 3	Definition of Business ¹

Amendments to IAS 1 and IAS 8	Definition of Material ¹

Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate Benchmark Reform ¹

Amendments to IAS 1	Classification of Liabilities ²

¹Effective for annual periods beginning on or after January 1, 2020.

²Effective for annual periods beginning on or after January 1, 2022.

IFRS Standards – References to Conceptual Framework

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Amendments primarily either

update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised

Framework, with effect from January 1, 2020. The Company does not expect the amendment to have any impact on its separate financial statements.

IFRS 3 – Definition of Business

In October 2018, the IASB issued amendments Definition of a Business (Amendments to IFRS 3) to make it easier for companies to decide whether activities and assets they acquire are a business or merely a Company of assets. The amendments confirmed that a business must include inputs, narrowed the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities and added a test that makes it easier to conclude that a company has acquired a Company of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or Company of similar assets. The amendments primarily provide clearer application guidance. The Company does not expect the amendment to have any impact on its evaluation of whether activities and assets acquired are a business or a Company of assets.

IAS 1 and IAS 8 – Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

- Obscuring: The existing definition only focused on omitting or misstating information, however, IASB concluded that obscuring material information with information that can be omitted can have a similar effect.

Notes to the Separate Financial Statements

- Could reasonably be expected to influence: The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- Primary users: The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of separate financial statements when deciding what information to disclose.

The Company does not expect the amendment to have any impact on its evaluation of 'material' in relation to its separate financial statements.

IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

In September 2019, IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). The IASB felt that some hedge accounting requirements in IFRS 9 may be affected by uncertainties arising from the impact of the ongoing reform of some major interest rate benchmarks whereby efforts are being made to replace existing benchmarks with alternative, nearly risk free rates. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors. Therefore, IASB has amended specific hedge accounting requirements to provide exceptions during this period of uncertainty. The amendment primarily states that when determining whether a forecast transaction is highly probable, a company shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform. The Company does not expect the amendment to have any significant impact because the Company hedges currency fluctuation risk and contractual cash flows of hedged items and hedging instruments do not vary significantly with changes in interest rate benchmarks.

IAS 1 – Classification of Liabilities

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

8. Financial assets, financial liabilities and equity 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.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

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.

Notes to the Separate Financial Statements

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 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 issued by the Company are recognized at the proceeds received net of direct issue cost.

Impairment of financial assets (other than at fair value)

The Company assesses at each date of statement of financial position whether a financial asset or a Company 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. 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 allowance 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.

a. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
	(in US Dollars)		(equivalent in Uruguayan Pesos)	
Current account balances with banks	48.231	16.408	2.074.308	549.420
Total	48.231	16.408	2.074.308	549.420

b. Investments

Investments in TCS De Mexico S.A., TCS Solution Center S.A Uruguay, TCS Do Brasil Ltda., TCS Argentina S.A., TCS Uruguay S.A. and 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 separate 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.

Notes to the Separate Financial Statements

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.

Investments consist of the following:

	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Investments carried at equity method	(in US Dollars)		(equivalent in Uruguayan Pesos)	
Fully paid equity shares				
Investments in subsidiaries				
i. Tata Consultancy Services Uruguay S.A.	12.104.278	8.957.838	520.580.768	299.944.263
ii. Tata Consultancy Services Solution Center S.A.	32.946.209	32.096.258	1.416.950.578	1.074.711.086
iii. Tata Consultancy Services Argentina S.A.	668.122	2.063.613	28.734.584	69.098.032
iv. Tata Consultancy Services do Brazil Ltda.	20.222.310	22.796.938	869.721.129	763.332.664
v. Tata Consultancy Services Inversiones Chile Ltda.	49.416.935	69.843.496	2.125.323.561	2.338.639.609
vi. Tata Consultancy Services de México S.A. de CV.	95.636.991	117.667.277	4.113.155.693	3.939.971.115
vii. MGDC S.C.	22.234.799	29.041.719	956.274.235	972.432.919
Total Investments	233.229.644	282.467.139	10.030.740.548	9.458.129.688

Notes to the Separate Financial Statements

March 31, 2020

	TCS Solution Center SA	TCS Uruguay SA	TCS Mexico SA de CV	MGDC SE	TCS Inversiones Chile SA	TCS Argentina SA	TCS Brazil Ltda	Total
	(in US Dollars)							
Balance as at March 31, 2019	32.096.258	8.957.838	117.667.277	29.041.719	69.843.496	2.063.613	22.796.938	282.467.139
Retained Earnings	16.092.587	17.531.567	25.141.635	916.245	704.506	(1.355.471)	4.149.676	63.180.745
Investment in TCS Argentina procured to TCS Uruguay	-	-	-	-	-	526,495	-	526.495
Translation adjustment	(8.075.218)	(4.359.561)	(21.772.974)	(5.848.100)	(9.296.147)	(562.546)	(6.426.936)	(56.341.482)
Dividends	(6.750.000)	(9.700.000)	(25.398.947)	-	(12.488.293)	-	-	(54.337.240)
Capitalization	-	-	-	-	-	-	-	-
Other Comprehensive Income - Movement Employee benefit	-	-	-	(1.327.608)	8 31.651	-	-	(495.957)
Other Changes in Retained Earnings (IFRS16)[	(417.418)	(325.566)	-	(547.457)	(178.278)	(3.969)	(297.368)	1.770.056)
Balance as at March 31, 2020	32.946.209	12.104.278	95.636.991	22.234.799	49.416.935	668.122	20.222.310	233.229.644

March 31, 2019

	TCS Solution Center SA	TCS Uruguay SA	TCS Mexico SA de CV	MGDC SC	TCS Inversiones Chile SA	TCS Argentina SA	TCS Brazil Ltda	Total
	(in US Dollars)							
Balance as at March 31, 2018	27.717.537	5.631.043	104.449.440	19.238.958	85.557.013	(6.817.679)	12.368.509	248.144.821
Retained Earnings	12.333.729	6.486.314	29.186.136	10.225.978	8.349.120	(4.337.098)	12.708.574	74.952.753
Investment in TCS Argentina procured to TCS Uruguay	-	-	-	-	-	551.793	-	551.793
Translation adjustment	(3.955.008)	(1.159.519)	(5.080.772)	(899.645)	(7.208.598)	4.260.346	(2.280.145)	(16.323.341)
Dividends	(4.000.000)	(2.000.000)	(10.887.527)	-	(16.337.783)	-	-	(33.225.310)
Capitalization	-	-	-	-	-	8.406.251	-	8.406.251
Other Comprehensive Income - Movement Employee benefit	-	-	-	476.428	(516.256)	-	-	(39.828)
Balance As at March 31, 2019	32.096.258	8.957.838	117.667.277	29.041.719	69.843.496	2.063.613	22.796.938	282.467.139

Notes to the Separate Financial Statements

March 31, 2020

	TCS Solution Center SA	TCS Uruguay SA	TCS Mexico SA de CV	MGDC SE	TCS Inversiones Chile SA	TCS Argentina SA	TCS Brazil Ltda	Total
	(equivalent in Uruguayan Pesos)							
Balance as at March 31, 2019	1.074.711.086	299.944.263	3.939.971.115	972.432.919	2.338.639.609	6 9.098.032	763.332.664	9.458.129.688
Retained Earnings	597.132.592	659.236.153	928.556.005	33.839.677	26.019.520	(50.061.610)	153.259.984	2.347.982.321
Investment in TCS Argentina procured to TCS Uruguay						1 8.162.478		18.162.478
Translation adjustment	4.170.117	(7.499.523)	153.551.926	30.644.435	168.905.103	(8.293.617)	(34.082.316)	307.396.125
Dividends	(243.754.500)	(419.595.600)	(908.923.353)	-	(436.340.937)	-	-	(2.008.614.390)
Capitalization	-	-	-	-	-	-	-	-
Other Comprehensive Income - Movement	-	-	-	(57.097.765)	35.767.646	-	-	(21.330.119)
Employee benefit								
Other Changes in Retained Earnings (IFRS16)	(15.308.717)	(11.504.525)	-	(23.545.031)	(7.667.380)	(170.699)	(12.789.203)	(70.985.555)
Balance as at March 31, 2020	1.416.950.578	5 20.580.768	4.113.155.693	956.274.235	2.125.323.561	28.734.584	869.721.129	10.030.740.548

March 31, 2019

	TCS Solution Center SA	TCS Uruguay SA	TCS Mexico SA de CV	MGDC SC	TCS Inversiones Chile SA	TCS Argentina SA	TCS Brazil Ltda	Total
	(in US Dollars)							
Balance as at March 31, 2018	786.873.172	159.859.666	2.965.215.141	546.174.779	2.428.878.055	(193.547.089)	351.129.616	7.044.583.340
Retained Earnings	395.628.223	206.819.306	977.268.591	342.406.647	279.561.948	(126.747.177)	425.533.887	2.500.471.425
Translation adjustment	22.141.691	(1.768.709)	345.934.421	67.898.778	162.485.523	114.297.734	(13.330.839)	697.658.599
Dividends	(129.932.000)	(64.966.000)	(348.447.038)	-	(514.999.601)	-	-	(1.058.344.639)
Capitalization	-	-	-	-	-	275.094.564	-	275.094.564
Other Comprehensive Income - Movement	-	-	-	15.952.715	(17.286.316)	-	-	(1.333.601)
Employee benefit								
Balance As at March 31, 2019	1.074.711.086	299.944.263	3.939.971.115	972.432.919	2.338.639.609	69.098.032	763.332.664	9.458.129.688

c. Trade Payable

Trade payable consist of the following:

Trade Payable – Current

	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
	(in US Dollars)		(equivalent in Uruguayan Pesos)	
Trade payables - gross	207.895	705.675	8.941.133	23.628.816
Trade payables	207.895	705.675	8.941.133	23.628.816
Accrued expenses	12.715	13.411	546.857	449.065
Total	220.610	719.086	9.487.990	24.077.881

Notes to the Separate Financial Statements

d. Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities – Current

	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
	(in US Dollars)		(equivalent in Uruguayan Pesos)	
Other current financial liabilities (Note 14)	1.350.470	6.218.681	58.081.018	208.226.326
Total	1.350.470	6.218.681	58.081.018	208.226.326

e. Financial instruments by category

The carrying value of financial instruments by categories as at March 31, 2020 is as follows:

	Amortised cost	Total carrying value
	(in US Dollars)	
Financial assets		
Cash and cash equivalents	48.231	48.231
Total	48.231	48.231
Financial liabilities		
Trade payables	220.610	220.610
Other financial liabilities	1.350.470	1.350.470
Total	1.571.080	1.571.080

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

	Amortised cost	Total carrying value
	(in US Dollars)	
Financial assets		
Cash and cash equivalents	16.408	16.408
Total	16.408	16.408
Financial liabilities		
Trade payables	719.086	719.086
Other financial liabilities	6.218.681	6.218.681
Total	6.937.767	6.937.767

Notes to the Separate Financial Statements

The carrying value of financial instruments by categories as at March 31, 2020 is as follows:

	Amortised cost	Total carrying value
	(equivalent in Uruguayan Pesos)	
Financial assets		
Cash and cash equivalents	2.074.308	2.074.308
Total	2.074.308	2.074.308
Financial liabilities		
Trade payables	9.487.990	9.487.990
Other financial liabilities	58.081.018	58.081.018
Total	67.569.008	67.569.008

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

	Amortised cost	Total carrying value
	(equivalent in Uruguayan Pesos)	
Financial assets		
Cash and cash equivalents	549.420	549.420
Total	549.420	549.420
Financial liabilities		
Trade payables	24.077.881	24.077.881
Other financial liabilities	208.226.326	208.226.326
Total	232.304.207	232.304.207

Carrying amounts of cash and cash equivalents and trade payables as at March 31, 2020 and 2019 approximate the fair value. Difference between carrying amounts and fair values of other financial liabilities subsequently measured at amortized cost is not significant in each of the years presented.

f. Fair value hierarchy

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

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

g. 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.

Notes to the Separate Financial Statements

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

- **Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

The 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 percent against the respective functional currencies of the Company.

The following analysis has been worked out based on the net exposures the Company as at the date of statement of financial position which could affect the statement of profit or loss and other comprehensive income and equity.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2020:

	UYU	CLP	ARS
	(in US Dollars)		
Net financial assets	-	-	-
Net financial liabilities	3.110	207.208	1.350.470

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2019:

	UYU	CLP	ARS
	(in US Dollars)		
Net financial assets	-	-	-
Net financial liabilities	2.794	705.675	6.218.681

10 percent 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 156.079 and USD 692.715 for the year ended March 31, 2020 and March 31, 2019 respectively.

- **Interest rate risk**

The Company is not exposed to interest rate risk.

Credit risk

Credit risk is the risk of financial loss arising from counter party 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 cash and cash equivalents, bank deposits and other financial assets. Cash and cash equivalents include an amount of USD 48.231 (UYU 2.074.308) held with a bank in Uruguay having high credit rating which are individually in excess of 10 percent or more of the Company's total bank deposits as at March 31, 2020. None of the other financial instruments of the Company result in material concentration of credit risk.

Notes to the Separate Financial Statements

- Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was USD 48.231 (UYU 2.074.308) and USD 16.408 (UYU 549.420) as at March 31, 2020 and March 31, 2019, respectively being the total of the carrying amount of cash and cash equivalents.

The Company has no credit risk due to Nil total trade receivables and unbilled receivables for the years 2020 and 2019.

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 at:

March 31, 2020

Non-derivative financial liabilities

Trade payables

Other financial liabilities

Total

Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
(in US Dollars)				
220.610	-	-	-	220.610
1.350.470	-	-	-	1.350.470
1.571.080	-	-	-	1.571.080

March 31, 2019

Non-derivative financial liabilities

Trade payables

Other financial liabilities

Total

Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
(in US Dollars)				
719.086	-	-	-	719.086
6.218.681	-	-	-	6.218.681
6.937.767	-	-	-	6.937.767

March 31, 2020

Non-derivative financial liabilities

Trade payables

Other financial liabilities

Total

Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
(equivalent in Uruguayan Pesos)				
9.487.990	-	-	-	9.487.990
58.081.018	-	-	-	58.081.018
67.569.008	-	-	-	67.569.008

March 31, 2019

Non-derivative financial liabilities

Trade payables

Other financial liabilities

Total

Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
(equivalent in Uruguayan Pesos)				
24.077.881	-	-	-	24.077.881
208.226.326	-	-	-	208.226.326
232.304.207	-	-	-	232.304.207

Notes to the Separate Financial Statements

Other risk – Impact of COVID-19

Financial assets carried at amortised cost as at March 31, 2020 is USD 48.231 (UYU 2.074.308).

Financial assets of USD 48.231 (UYU 2.074.308) as at March 31, 2020 carried at amortised cost is in the form of cash and cash equivalents where the Company has assessed the counter party credit risk.

h. Equity instruments

The authorized, issued, subscribed and fully paid up share capital consist of the following:

	Year ended March 31, 2020	Year ended March 31, 2019
	(in Uruguayan Pesos)	
Autorized		
Equity shares of UYU 1 each	3.000.000.000	3.000.000.000
Total	3.000.000.000	3.000.000.000
Issued, Subscribed and Fully paid up		
Opening balance of equity shares of UYU 1	2.122.783.424	2.122.783.424
Shares issued during the year	-	-
Total	2.122.783.424	2.122.783.424

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 and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

9. Non-financial assets and liabilities

a. Other assets

Other assets consist of the following:

Other assets – Current

	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
	(in US Dollars)		(equivalent in Uruguayan Pesos)	
VAT receivable	5.668	7.652	243.755	256.235
Other current assets	438	859	18.842	28.751
Total	6.106	8.511	262.597	284.986

b. Other liabilities

Other liabilities consist of the following:

Other liabilities – Current

Other current liabilities	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
	(in US Dollars)		(equivalent in Uruguayan Pesos)	
Indirect tax payable and other statutory liabilities	792	605	34.052	20.256
Total	792	605	34.052	20.256

Notes to the Separate Financial Statements

10. Operating expenses

Costs and expenses are recognized when incurred and have been classified according to their primary functions in the following categories:

The costs of the Company is categorized into other operating expenses which includes fees to external consultants, auditors remuneration and other expenses.

Other operating expenses

	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
	(in US Dollars)		(equivalent in Uruguayan Pesos)	
Fees to external consultants	4.629	3.766	196.279	119.688
Auditors remuneration	19.426	19.845	723.459	634.792
Other expenses	10.273	2.249	435.419	71.854
Total	34.328	25.860	1.355.157	826.334

11. Other income

a. Finance income

	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
	(in US Dollars)		(equivalent in Uruguayan Pesos)	
Net foreign exchange gains	1.002.333	572.608	37.334.444	19.218.245
Total	1.002.333	572.608	37.334.444	19.218.245

b. Finance costs

	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
	(in US Dollars)		(equivalent in Uruguayan Pesos)	
Other interest expenses	-	320.183	-	10.167.006
Total	-	320.183	-	10.167.006

Principal of loan with Tata Consultancy Chile S.A. has been paid in March 2019 hence no interest accrued during fiscal year ended in March 2020.

12. 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 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.

Current income taxes

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

Current income tax payable is computed in accordance with the tax laws applicable in Uruguay.

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.

Notes to the Separate Financial Statements

The income tax expense consists of the following:

	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
	(in US Dollars)		(equivalent in Uruguayan Pesos)	
Current income tax expense				
Domestic	7.292	9.215	240.385	289.376
Overseas	3.050.186	3.142.697	105.717.682	99.936.851
Total income tax expense	3.057.478	3.151.912	105.958.067	100.226.227

The reconciliation of estimated income tax expense reported in statements of profit or loss is as follows:

	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
	(in US Dollars)		(equivalent in Uruguayan Pesos)	
Income before income taxes	64.149.131	75.731.111	2.383.975.956	2.508.696.330
Federal income tax rate	25%	25%	25%	25%
Expected income tax expense	16.037.283	18.932.778	595.993.989	627.174.083
Tax effect of adjustments to reconcile expected income tax expense to reported income tax				
Tax holidays and income exempt from tax	(16.029.868)	(18.927.319)	(595.749.382)	(627.004.161)
Tax pertaining to prior years	(123)	3.756	(4.222)	119.454
Disallowable expenses	3.050.186	3.142.697	105.717.682	99.936.851
Total income tax expense	3.057.478	3.151.912	105.958.067	100.226.227

Direct tax contingencies

As of date of separate financial statements the Company does not have any disputes with income tax authorities of Uruguay.

13. Commitments and contingencies

Contingencies

- Direct tax matters

Refer to note 12.

- Indirect tax matters

There is no contingencies in relation to indirect taxes.

14. Related party transactions

Company's principal related parties consist of its ultimate holding company Tata Consultancy Services Limited and its subsidiaries, affiliates and key managerial personnel. The company's related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

Notes to the Separate Financial Statements

Transactions with related parties are as follows:

		Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
		(in US Dollars)		(equivalent in Uruguayan Pesos)	
Dividend Income	Subsidiaries of Tata Consultancy Services Limited				
	Tata Consultancy Services Chile S.A.	29	36	1.010	1.117
	Tata Consultancy Services De Mexico S.A.,De C.V.	25.398.947	10.887.526	908.923.353	348.447.038
	TCS Inversiones Chile Limitada	12.488.264	16.337.748	436.339.927	514.998.484
	TCS Solution Center S.A.	6.750.000	4.000.000	243.754.500	129.932.000
	TCS Uruguay S. A.	9.700.000	2.000.000	419.595.600	64.966.000
	Total	54.337.240	33.225.310	2.008.614.390	1.058.344.639
Dividend paid	Tata Consultancy Services Limited	46.321.500	20.017.888	1.730.095.137	632.685.368
	Total	46.321.500	20.017.888	1.730.095.137	632.685.368
Purchase of investments	Subsidiaries of Tata Consultancy Services Limited				
	TCS Uruguay S. A.	526.495	-	18.162.478	-
	Total	526.495	-	18.162.478	-
Finance costs	Subsidiaries of Tata Consultancy Services Limited				
	Tata Consultancy Services Chile S.A.	-	320.183	-	10.167.006
	Total	-	320.183	-	10.167.006
Investment in subsidiaries	Subsidiaries of Tata Consultancy Services Limited				
	Tata Consultancy Services Argentina S.A.	-	8.406.251	-	275.094.564
	Total	-	8.406.251	-	275.094.564

Notes to the Separate Financial Statements

Balances payable to related parties are as follows:

		As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<i>Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities</i>		(in US Dollars)		(equivalent in Uruguayan Pesos)	
Subsidiaries of Tata Consultancy Services Limited					
	Tata Consultancy Services Argentina S.A.	1.350.470	6.218.681	58.081.014	208.226.326
	TCS Inversiones Chile Limitada	207.208	705.675	8.911.601	23.628.805
	Total	1.557.678	6.924.356	66.992.615	231.855.131

Remuneration to the Board

The members of the Company's board are not remunerated for carrying out their duties.

15. Subsequent event

COVID-19 was declared pandemic by the World Health Organization on March 11, 2020, significantly impacting, amongst others, on economic conditions, businesses and consumers. To date, the evolution of the pandemic is highly uncertain and, consequently, it is not possible to reliably estimate the impact that it will have on the financial situation of the Company, on the results of its operations and on its cash flows in future periods.

Company's specific assessment and possible impacts have been addressed on note 8.

The Company is monitoring the situation to ensure common health and safety in line with the recommendations of the National Government.

TATA CONSULTANCY SERVICES QATAR L.L.C.

(Registration Number: 53508)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

**For the year ended
March 31, 2020**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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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 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (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.

Responsibilities of management 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.

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 2020.

21 May 2020

Doha

State of Qatar

Gopal Balasubramaniam

KPMG

Audit registration number 251

Statement of Financial Position as at March 31, 2020

(Amount in : QAR)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	6(a)	12,794,648	17,551,561
Trade receivables	6(b)	14,205,754	4,973,223
Unbilled receivables		-	629,264
Other financial assets	6(c)	356,646	3,526,093
Other assets	8(b)	4,351,383	1,572,049
Total current assets		31,708,431	28,252,190
Non-current assets			
Other financial assets	6(c)	39,417	-
Property, plant and equipment	8(a)	41,414	6,666
Deferred tax assets (net)	12	22,784	32,646
Total non-current assets		103,615	39,312
TOTAL ASSETS		31,812,046	28,291,502
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables	6(d)	13,537,663	3,246,164
Other financial liabilities	6(e)	88,219	12,430
Unearned and deferred revenue		1,460,410	1,177,019
Employee benefit obligations	13(a)	11,501	50,638
Provisions		59,277	25,004
Income tax liabilities (net)	12	763,433	335,702
Other liabilities	8(c)	226,789	548,760
Total current liabilities		16,147,292	5,395,717
Non-current liabilities			
Employee benefit obligations	13(b)	142,824	121,290
Total non-current liabilities		142,824	121,290
Total Liabilities		16,290,116	5,517,007
Equity			
Share capital	6(i)	2,000,000	2,000,000
Retained earnings		12,521,930	19,774,495
Legal reserve		1,000,000	1,000,000
Total equity		15,521,930	22,774,495
TOTAL LIABILITIES AND EQUITY		31,812,046	28,291,502

See accompanying notes forming part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income for the year ended March 31, 2020

(Amount in : QAR)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from information technology services	9	37,049,270	22,780,383
Operating expenses			
Employee cost	13(a)	5,951,431	4,511,608
Other operating expenses	10	23,476,214	12,465,963
Depreciation	8(a)	9,702	5,671
TOTAL OPERATING EXPENSES		29,437,347	16,983,242
OPERATING PROFIT		7,611,923	5,797,141
Other (expense) / income			
Other non-operating (loss) / income, net	11	(88,678)	(67,199)
PROFIT BEFORE TAXES		7,523,245	5,729,942
Income tax expense	12	(775,810)	(646,495)
PROFIT FOR THE YEAR		6,747,435	5,083,447
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,747,435	5,083,447

See accompanying notes forming part of the financial statements.

Statement of changes in Equity for the year ended March 31, 2020

(Amount in : QAR)

	Share capital	Retained earnings	Legal reserve	Total equity
Balance as at April 1, 2018	2,000,000	14,691,048	1,000,000	17,691,048
Total comprehensive income for the year	-	5,083,447	-	5,083,447
Balance as at March 31, 2019	2,000,000	19,774,495	1,000,000	22,774,495
Total comprehensive income for the year	-	6,747,435	-	6,747,435
Dividend (Refer to Note 15)	-	(14,000,000)	-	(14,000,000)
Balance as at March 31, 2020	2,000,000	12,521,930	1,000,000	15,521,930

See accompanying notes forming part of the financial statements.

Statement of Cash Flows for the year ended March 31, 2020

[Amount in : QAR]

	Note	Year Ended March 31, 2020	Year Ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		6,747,435	5,083,447
Adjustment to reconcile profit or loss to net cash provided by operating activities:			
Depreciation	8(a)	9,702	5,671
Income tax expense	12	775,810	646,495
Reversal of provision for foreseeable losses		-	2,065
Provision / (reversal) of allowance for doubtful trade receivables (net)		111,108	(2,361,053)
Provision for employees' benefit obligations	13(a)	21,534	41,219
Net change in working capital			
Trade receivables		(9,343,640)	6,266,822
Unbilled revenues		629,266	(624,584)
Other financial assets		3,130,030	102,962
Other assets		(2,779,334)	1,533,505
Trade and other payables		10,291,499	(4,727,630)
Other financial liabilities		75,789	(9)
Unearned and deferred revenues		283,391	(1,653,523)
Employee benefit obligations		(39,138)	7,655
Other liabilities		(321,971)	477,890
Provisions		34,273	-
Cash generated from operating activities		9,625,754	4,800,932
Taxes paid	12	(338,217)	(1,380,095)
Employees' end of service benefit paid	13(b)	-	(33,511)
Net cash generated from operating activities		9,287,537	3,387,326
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8(a)	(44,450)	-
Proceeds from term deposits		-	250,000
Investment in term deposits		-	(1,965,532)
Net cash generated by investing activities		(44,450)	(1,715,532)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of Dividend to TCS Limited		(14,000,000)	-
Net cash used in financing activities		(14,000,000)	-
Net change in cash and cash equivalents		(4,756,913)	1,671,794
Cash and cash equivalents, beginning of the year		17,551,561	15,879,767
Cash and cash equivalents, end of the year	6(a)	12,794,648	17,551,561

See accompanying notes forming part of the Financial Statements.

Notes forming part of the Financial Statements

1. Corporate Information

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 Al Bidda Tower, 7th Floor, Corniche Street, Doha, Qatar, P.O.Box # 207210.

As at March 31, 2020, Tata Consultancy Services Limited owned 100% of Company's equity share capital.

The financial statements were approved and authorised for issue on 20th May 20.

2. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the international accounting standard board ("IASB") and applicable provisions of Qatar Commercial Companies Law. The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented except for IFRS 16 "Leases" which have been applied for the first time.

3. 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.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customer and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The Statement of cashflows have been prepared under indirect method.

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 date of statement of financial position. 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.

4. 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 balances 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.

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, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities and has been discussed below. Key source of estimation of uncertainty in respect of revenue recognition, employee benefits and fair value measurement of financial instruments have been discussed in their respective policies.

a. Revenue Recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct

Notes forming part of the Financial Statements

performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. The Company has applied the practical expedient, whereby the Company does not adjust the transaction price for the effects of the time value of money where the period between when the control on goods and services transferred to the customer and when payment thereof is due, is one year or less. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b. 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.

c. 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.

d. 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 12.

e. 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.

f. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

Notes forming part of the Financial Statements

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5. Recent Accounting Standards

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS Standards	References to Conceptual Framework ¹
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate Benchmark Reform ¹
Amendments to IAS 1	Classification of Liabilities ²

¹Effective for annual periods beginning on or after January 1, 2020.

²Effective for annual periods beginning on or after January 1, 2022.

IFRS Standards – References to Conceptual Framework

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Amendments primarily either update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised Framework, with effect from January 1, 2020. The Company does not expect that the amendment to have any impact on its financial statements.

IAS 1 and IAS 8 – Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

- **Obscuring:** The existing definition only focused on omitting or misstating information, however, IASB concluded that obscuring material information with information that can be omitted can have a similar effect.
- **Could reasonably be expected to influence:** The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- **Primary users:** The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Company does not expect that the amendment to have any impact on its evaluation of 'material' in relation to its financial statements.

IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

In September 2019, IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). The IASB felt that some hedge accounting requirements in IFRS 9 may be affected by uncertainties arising from the impact of the ongoing reform of some major interest rate benchmarks whereby efforts are being made to replace existing benchmarks with alternative, nearly risk free rates. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors. Therefore, IASB has amended specific hedge accounting requirements to provide

Notes forming part of the Financial Statements

exceptions during this period of uncertainty. The amendment primarily states that when determining whether a forecast transaction is highly probable, a company shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.

IAS 1 – Classification of Liabilities

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counter party of cash, equity instruments, other assets or services. The Group does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

6. Financial assets, financial liabilities and equity 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.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired.

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 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 profit or 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 of direct issue cost.

Notes forming part of the Financial Statements

Impairment of financial assets (other than at fair value)

The Company assesses at each date of statement 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 recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. 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.

a. Cash and cash equivalents

(Amount in : QAR)

	As at March 31, 2020	As at March 31, 2019
Cash in hand	-	30,853
Balances with bank	4,502,134	11,281,936
Short term bank deposits	8,292,514	6,238,772
Total	12,794,648	17,551,561

b. Trade receivables

(Amount in : QAR)

	As at March 31, 2020	As at March 31, 2019
Trade receivables*	14,644,982	5,301,534
Less: Allowance for doubtful trade receivables	(439,228)	(328,311)
Total	14,205,754	4,973,223

* Trade receivables include balances with related parties, please refer to Note 15.

	As at March 31, 2020	As at March 31, 2019
Movement in the allowance for doubtful trade receivables		
At April 1,	328,311	2,689,364
Additional provision during the year	111,108	119,893
Reversed during the year	-	(2,480,946)
Exchange difference	(191)	-
At March 31,	439,228	328,311

Notes forming part of the Financial Statements

c. Other financial assets

(Amount in : QAR)

	As at March 31, 2020	As at March 31, 2019
Other financial assets - Current		
Accrued Interest	1,691	76,267
Employee advances	155,796	61,398
Less: Allowance	(94,100)	-
Premises security deposit	127,500	33,400
Restricted cash	126,525	3,348,387
Others*	39,234	6,641
Total	356,646	3,526,093
Other financial assets - Current		
Accrued Interest	39,417	-
Total	39,417	-

* Others include balances with related parties, please refer to Note 15.

d. Trade payables

(Amount in : QAR)

	As at March 31, 2020	As at March 31, 2019
Trade payables *	7,126,629	985,342
Accrued expenses*	6,411,034	2,260,822
Total	13,537,663	3,246,164

* Trade payables and Accrued expenses include balances with related parties, please refer to Note 15.

e. Other financial liabilities - current

(Amount in : QAR)

	As at March 31, 2020	As at March 31, 2019
Accrued payroll	75,789	-
Volume discount - Current	12,430	12,430
Total	88,219	12,430

Notes forming part of the Financial Statements

f. Financial instruments by category

The carrying value of financial instruments by categories as at March 31, 2020 is as follows:

[Amount in : QAR]

	Amortised Cost	Total carrying
Assets:		
Cash and cash equivalents	12,794,648	12,794,648
Trade receivables	14,205,754	14,205,754
Other financial assets	396,063	396,063
Total Assets	27,396,465	27,396,465
Liabilities:		
Trade payables	13,537,663	13,537,663
Other financial liabilities	88,219	88,219
Total Liabilities	13,625,882	13,625,882

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

[Amount in : QAR]

	Amortised Cost	Total carrying
Assets:		
Cash and cash equivalents	17,551,561	17,551,561
Trade receivables	4,973,223	4,973,223
Unbilled revenues	629,264	629,264
Other financial assets	3,526,093	3,526,093
Total Assets	26,680,141	26,680,141
Liabilities:		
Trade payables	3,246,164	3,246,164
Other financial liabilities	12,430	12,430
Total Liabilities	3,258,594	3,258,594

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at March 31, 2020 and 2019 approximate the fair value.

g. Fair value hierarchy

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

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

Notes forming part of the Financial Statements

h. 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.

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 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. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

The risk primarily relate to fluctuation of USD Dollar, Indian Rupee (INR) and IDR against the functional currency of the Company.

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 table sets forth information relating to foreign currency exposure as at March 31, 2020:

	USD (equivalent QAR)	INR (equivalent QAR)	SAR (equivalent QAR)
Net financial assets	7,927,043	-	-
Net financial liabilities	9,129,419	24,909	49

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of Company would result in increase / decrease in the Company's profit before taxes by approximately QAR 122,733 for the year ended March 31, 2020.

The following table sets forth information relating to foreign currency exposure as at March 31, 2019:

	USD (equivalent QAR)	INR (equivalent QAR)
Net financial assets	2,579,341	-
Net financial liabilities	1,042,507	26,886

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of Company would result in decrease / increase in the Company's profit before taxes by approximately QAR 210,640 for the year ended March 31, 2019.

- **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 20,731 (2019: QAR 11,484) 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.

Notes forming part of the Financial Statements

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 receivables, cash and cash equivalents, and other financial assets.

- Exposure to credit risk**

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was QAR 30,080,750 and QAR 27,244,891 as of March 31, 2020 and March 31, 2019, respectively being the total of the carrying amount of balance with bank, trade receivables, unbilled receivables, contract assets and other financial assets. Balance with bank is placed with a bank with high credit ratings. As of March 31, 2020, there were no indications that any defaults will occur on trade receivables, unbilled receivables, contract assets or other financial assets.

Tata Consultancy Services Qatar LLC Company's exposure to customers is diversified and single customer contributes to more than 10% of outstanding trade receivables and unbilled receivables as at March 31, 2020 and March 31, 2019

(Amount in : QAR)

Client Name	As at March 31, 2020		As at March 31, 2019	
	Total trade receivables and Unbilled revenue	Percentage	Total trade receivables and Unbilled revenue	Percentage
Customer A	3,875,409	23%	2,238,951	40%
Customer B	3,030,327	18%	1,281,870	23%
Customer C	3,011,049	18%	-	-
Customer D	1,893,239	11%	-	-

- Geographic Concentration of Credit Risk**

The Company has a geographic concentration of trade receivables, net of allowances and unbilled receivables and is as given below:

	As at March 31, 2020	As at March 31, 2019
Middle East	100%	97%
India	0%	3%

Geographical concentration of trade receivables and unbilled receivables is allocated based on the location of the customers.

Notes forming part of the Financial Statements

The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers. The expected credit loss allowance is based on the ageing of the days the receivables are due and are as follows:

(Amount in : QAR)

March 31, 2019	Weighted average loss rate	Gross Carrying Amount*	Loss allowance#	Credit impaired
No Due	0.00%	7,228,880	-	No
1-90	0.00%	5,398,795	-	No
91-180	0.00%	1,016,952	-	No
181-272	0.00%	-	-	No
273-364	0.00%	-	-	No
365-455	0.00%	-	-	No
456-546	0.00%	-	-	No
547-638	0.74%	-	-	No
639-730	19.07%	-	-	No
>730	100.00%	-	-	Yes

*Gross carrying amount excludes inter-company receivables

#The above table provides the loss allowance calculated as per ECL and Management is expected to make at the minimum this amount as provision of bad and doubtful debts against trade receivables. However in this case management has made higher provisions as bad and doubtful debts against trade receivables based on their prudent judgement to cover higher risk.

Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company 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)

March 31, 2020

Non derivative financial liabilities

Trade and other payables

13,537,663

-

13,537,663

Other financial liabilities

88,219

-

88,219

Total

13,625,882

-

13,625,882

March 31, 2019

Non derivative financial liabilities

Trade and other payables

3,246,164

-

3,246,164

Other financial liabilities

12,430

-

12,430

Total

3,258,594

-

3,258,594

Other risk – Impact of COVID-19

Financial assets of QAR 12,921,173 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of QAR 14,205,754 forms a significant part of the financial assets carried at amortised cost, which is valued considering

Notes forming part of the Financial Statements

provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to customers in Retail, Travel, Transportation and Hospitality, Manufacturing and Energy verticals which could have an immediate impact and the rest which could have an impact with a lag. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables and contract assets while arriving at the level of provision that is required. Based on this assessment, the allowance for doubtful trade receivables of QAR 439,228 is considered adequate.

i. Trade payables

(Amount in : QAR)

	As at March 31, 2020	As at March 31, 2019
Authorised		
2,000,000 ordinary shares of QAR 1 each	2,000,000	2,000,000
Issued, Subscribed and Fully paid up		
2,000,000 ordinary shares of QAR 1 each	2,000,000	2,000,000
Total	2,000,000	2,000,000

Share holding

Tata Consultancy Services Limited

Percentage

100%

Percentage

100%

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.

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.

7. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

Notes forming part of the Financial Statements

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Transition to IFRS 16

In January 2016, International Accounting Standards Board issued the final version of IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. IFRS 16 has replaced IAS 17 Leases, and its related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Based on the above lease recognition criteria, the company has not identified any leases for which it acts as a lessee. Thus, there is no impact on financial statement on application IFRS 16.

Refer note 2(m) – Significant accounting policies – Leases in the financial statements of the Company for the year ended March 31, 2019, for the policy as per IAS 17.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of IFRS 16 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying IFRS 16 to leases previously classified as operating leases under IAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying IAS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. On application of IFRS 16, there is no impact as company has elected not to apply IFRS 16 to short term lease that have lease term of 12 month or less.

The Company incurred QAR 264,000 for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets.

Impact of COVID-19

The leases that the Company has entered with lessor towards property used as office premise and no changes in terms of those leases are expected due to the COVID-19.

Notes forming part of the Financial Statements

8. Non-financial assets and financial liabilities

a. Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual values 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 life (in years)
Computer and 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. Capital work-in-progress includes capital advances.

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 profit or loss.

Property, plant and equipment

Property, Plant and equipment consist of the following:

(Amount in : QAR)

	Computer equipment	Furniture and fixtures	Total
Gross block as at April 1, 2019	77,107	7,719	84,826
Additions	44,450	-	44,450
Gross block as at March 31, 2020	121,557	7,719	129,276
Accumulated depreciation as at April 1, 2019	75,073	3,087	78,160
Depreciation for the year	8,158	1,544	9,702
Accumulated depreciation as at March 31, 2020	83,231	4,631	87,862
Net carrying amount as at March 31, 2020	38,326	3,088	41,414
Gross block as at April 1, 2018	77,107	7,719	84,826
Purchases	-	-	-
Gross block as at March 31, 2019	77,107	7,719	84,826
Accumulated depreciation as at April 1, 2018	70,946	1,543	72,489
Depreciation for the year	4,127	1,544	5,671
Accumulated depreciation as at March 31, 2019	75,073	3,087	78,160
Net carrying amount as at March 31, 2019	2,034	4,632	6,666

Notes forming part of the Financial Statements

b. Other assets

(Amount in : QAR)

Other assets consist of the following:

Other assets - Current

Advance to suppliers

Prepaid expenses - Current*

Contract assets (Refer to Note 9)

Others

Total

As at March 31, 2020	As at March 31, 2019
32,497	32,497
1,634,601	956,890
2,684,285	564,750
-	17,912
4,351,383	1,572,049

* Prepaid expenses include balances with related parties, please refer to Note 15.

c. Other liabilities

(Amount in : QAR)

Other liabilities consist of the following:

Other liabilities - current

Advance received from customers

Total

As at March 31, 2020	As at March 31, 2019
226,789	548,760
226,789	548,760

* Prepaid expenses include balances with related parties, please refer to Note 15.

9. Revenue recognition

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.

Notes forming part of the Financial Statements

- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Transaction price attributed in case of contracts with subsidiary is arrived at on the basis of arm's length price. Revenue also excludes taxes collected from customers.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Revenue from operations is QAR 37,049,270 for year ended March 31, 2020 (March 31, 2019: QAR 22,780,383).

(Amount in : QAR)

Revenue from consultancy services

Total

Year ended March 31, 2020	Year ended March 31, 2019
37,049,270	22,780,383
37,049,270	22,780,383

Revenue disaggregation by industry vertical is as follows:

(Amount in : QAR)

Industry vertical

Banking, Financial and Insurance

Communication, media and technology

Manufacturing

Energy and utilities

Retail and consumer products

Life Science

Total

Year ended March 31, 2020	Year ended March 31, 2019
15,179,080	13,967,931
1,525,754	3,364,003
1,014,503	2,467,401
15,301,821	2,260,468
1,324,094	720,580
2,704,018	-
37,049,270	22,780,383

Notes forming part of the Financial Statements

Revenue disaggregation by geography is as follows:

(Amount in : QAR)

Geography

Middle East

Year ended March 31, 2020	Year ended March 31, 2019
37,049,270	22,780,383

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revaluations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is QAR 18,538,160 out of which QAR 11,203,445 (60.43%) is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from

- the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers.
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility.
- customers not in a position to accept alternate delivery modes using Secured Borderless WorkSpaces.
- customers postponing their discretionary spend due to change in priorities.

The Company has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meeting its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage-completion-basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

Notes forming part of the Financial Statements

Movement in contract assets is given below:

(Amount in : QAR)

Opening balance as at April 1, 2019
Add: Revenue recognized during the year
Less: Invoices raised during the year
Adjustment during the year
Add / (Less): Translation exchange differences
Closing balance as at March 31, 2020

Year ended March 31, 2020	Year ended March 31, 2019
564,750	20,105
12,655,309	1,331,079
(10,708,986)	(787,164)
170,601	-
2,611	730
2,684,285	564,750

Movement in contract liabilities is as given below:

(Amount in : QAR)

Opening balance as at April 1, 2019
Less: Revenue recognised during the year
Add: Invoices raised during the year
Add / (Less): Translation exchange differences
Closing balance as at March 31, 2020

Year ended March 31, 2020	Year ended March 31, 2019
1,177,019	2,830,542
(1,041,830)	(2,746,599)
1,317,978	1,093,554
7,244	(478)
1,460,411	1,177,019

10. 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.

(Amount in : QAR)

Other operating expenses

Project expenses
Fees to external consultants
Travel expenses
Facility running expenses
Communication
Other expenses

Total

Year ended March 31, 2020	Year ended March 31, 2019
1,494,021	2,199,336
18,209,794	9,813,898
2,230,141	1,707,958
264,000	269,373
103,793	108,826
1,174,465	(1,633,428)
23,476,214	12,465,963

Notes forming part of the Financial Statements

(Amount in : QAR)

Expense by function

Cost of revenue
Selling, general and administration expenses
Total

Year ended March 31, 2020	Year ended March 31, 2019
26,253,315	16,460,576
3,184,032	522,666
29,437,347	16,983,242

11. Other (expense) / income

(Amount in : QAR)

Other non-operating (loss) / income, net:

Net foreign exchange losses
Interest income
Total

Year ended March 31, 2020	Year ended March 31, 2019
(223,758)	(162,283)
135,080	95,084
(88,678)	(67,199)

12. 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 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

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 income tax expense consists of the following:

(Amount in : QAR)

Current Tax

Current tax expense
Deferred tax expense
Total

Year ended March 31, 2020	Year ended March 31, 2019
765,948	431,534
9,862	214,961
775,810	646,495

Notes forming part of the Financial Statements

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:-

(Amount in : QAR)

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax Expenses		
Income before Taxes	7,523,245	5,729,942
Statutory Tax rate	10.00%	10.00%
Expected income tax expense	752,325	572,994
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Tax pertaining to prior years:		
Current Tax	2,515	95,833
Deferred Tax	(1,230)	(22,332)
Other Permanent Differences	22,200	-
Income Tax	775,810	646,495
Ownership share of Non-Qatari	100%	100%
Total income tax expense	775,810	646,495

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

(Amount in : QAR)

	Opening balance	Recognised through profit or loss	Closing balance as on March 31
Deferred Tax Assets			
Deferred tax assets in relation to:			
Property, plant and equipment	1,044	-	1,044
Allowances for receivables	32,831	(11,091)	21,740
Unrealised exchange loss	(1,229)	1,229	-
Total deferred tax asset	32,646	(9,862)	22,784

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(Amount in : QAR)

	Opening balance	Recognised through profit or loss	Closing balance as on March 31
Deferred Tax Assets			
Deferred tax assets in relation to:			
Property, plant and equipment	988	56	1,044
Allowances for receivables	246,619	(213,788)	32,831
Unrealised exchange loss	-	(1,229)	(1,229)
Total deferred tax asset	247,607	(214,961)	32,646

Notes forming part of the Financial Statements

(Amount in : QAR)

Income tax liabilities (net)

Opening
Current tax provision made during the year
Advance tax paid
Closing

Year ended March 31, 2020	Year ended March 31, 2019
335,702	1,284,263
765,948	431,534
(338,217)	(1,380,095)
763,433	335,702

IFRIC 23 Interpretation Uncertainty over Income Tax Treatment

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

Application of IFRIC 23

The Company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no instances of any uncertain tax treatment in the past and on that basis it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC 23 is not applicable.

13. Employee benefits

a. 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.

Employee cost consist of the following:

Contributions to Provident and Other Funds
Salaries & Bonus
Staff Welfare
Total

Year ended March 31, 2020	Year ended March 31, 2019
21,534	41,219
5,567,784	4,110,501
362,113	359,888
5,951,431	4,511,608

Employee benefit obligations - current

Compensated absences*
Total

Year ended March 31, 2020	Year ended March 31, 2019
11,501	50,638
11,501	50,638

* This represents balance payable to the employees based on the Company's policy on compensated absences.

b. Employee's end of service benefit

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.

Notes forming part of the Financial Statements

(Amount in : QAR)

Employee benefit obligations - Non-current

Gratuity liability

Total

As at March 31, 2020	As at March 31, 2019
142,824	121,290
142,824	121,290

(Amount in : QAR)

Movement in employees' obligations benefit

At April 1,

Provision charged for the year

Payments made during the year

At March 31,

As at March 31, 2020	As at March 31, 2019
121,290	113,582
21,534	41,219
-	(33,511)
142,824	121,290

14. Commitments and contingencies

(Amount in : QAR)

Letter of Guarantee

Total

As at March 31, 2020	As at March 31, 2019
570,500	3,348,387
570,500	3,348,387

15. 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)

For the year ended March 31, 2020

Particulars

Revenue from sale of services and licences

Purchases of goods and services (including reimbursement)

Brand equity contribution

Dividend Paid

With Tata Sons Limited, Ultimate Holding Company	With Tata Consultancy Services Limited, Holding company	With Titan Company Limited, subsidiary of Ultimate Holding Company	Total
-	1,324,094	-	1,324,094
-	17,008,424	1,231	17,009,655
89,313	-	-	89,313
-	14,000,000	-	14,000,000

Notes forming part of the Financial Statements

(Amount in : QAR)

For the year ended March 31, 2019

Particulars

Revenue from sale of services and licences	-	720,580	-	720,580
Purchases of goods and services (including reimbursement)	-	12,311,398	-	12,311,398
Brand equity contribution	55,576	-	-	55,576

With Tata Sons Limited, Ultimate Holding Company	With Tata Consultancy Services Limited, Holding company	With Titan Company Limited, subsidiary of Ultimate Holding Company	Total
-	720,580	-	720,580
-	12,311,398	-	12,311,398
55,576	-	-	55,576

Balances with related parties

(Amount in : QAR)

As at March 31, 2020

Particulars

Trade receivables and unbilled revenue (net)	-	884,171	-	884,171
Trade payables, unearned and deferred revenue, Other financial liabilities and Other liabilities	89,313	8,867,186	-	8,956,499
Volume discount	-	6,641	-	6,641
Prepaid expenses	-	1,614,469	-	1,614,469

With Tata Sons Limited, Ultimate Holding Company	With Tata Consultancy Services Limited, Holding company	With Titan Company Limited, subsidiary of Ultimate Holding Company	Total
-	884,171	-	884,171
89,313	8,867,186	-	8,956,499
-	6,641	-	6,641
-	1,614,469	-	1,614,469

As at March 31, 2019

Particulars

Trade receivables and unbilled revenue (net)	-	898,904	-	898,904
Other receivables	-	963,531	-	963,531
Trade payables, unearned and deferred revenue, Other financial liabilities and Other liabilities	55,576	1,954,163	-	2,009,739

Compensation to Key Managerial Personnel

(Amount in : QAR)

Remuneration paid to Prasun Chaturvedi

Particulars

Short Term Benefits	-	146,108
Post-employment benefits	-	14,450

Total

Year ended March 31, 2020	Year ended March 31, 2019
-	146,108
-	14,450
-	160,558

Notes forming part of the Financial Statements

Remuneration paid to Devashis Goswami

Particulars

Short Term Benefits

Post-employment benefits

Total

Year ended March 31, 2019	Year ended March 31, 2018
321,824	146,738
9,723	14,513
331,547	161,251

16. 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.

17. Comparative Information

The comparative figures presented for the year ended March 31, 2019 have been reclassified where necessary to preserve consistency with the year ended March 31, 2020 figures. However, such reclassifications did not have any effect on the comprehensive income or the total equity for the year ended March 31, 2020.

DILIGENTA LIMITED

(Company's Registration Number: 05535029)

ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the period ended
December 31, 2019**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

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BOARD OF DIRECTORS

N G Subramaniam

Chairman

D Praveen

Chief Executive Officer

R Reid

Non Executive Director

M Arthur

Non Executive Director

S Muthuswami

Non Executive Director

Company Secretary

A Jackson

INDEPENDENT AUDITORS' REPORT

The Board of Directors Diligenta Limited ('the Company')

Report on the special purpose IFRS Financial Statements

Opinion

We have audited the accompanying special Purpose financial statements of Diligenta Limited ('the Company'), which comprise the statement of financial position as of December 31 2019, and the related statement of profit or loss and other comprehensive income, changes in equity, and cash flow for the year then ended, and the related notes to the special purpose financial statements. The special purpose financial statements have been prepared by the management as described in Note 2 to the Special Purpose financial statements in accordance with the International Financial Reporting Standards (IFRS).

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) generally accepted in the India. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Special purpose financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special purpose financial statements under the provisions of the Act and the Rules there under, and fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for special purpose Financial Statements

The Company's management and Board of Directors are responsible for the preparation of these Special purpose financial statements that give a true and fair view of the state of affairs, profit/ loss and (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the IFRS 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 financial statements that give a true and fair view and are free from misstatement, whether due to fraud or error.

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

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

Auditors' Responsibility

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. We are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The special purpose financial statements prepared in accordance with International Financial Reporting Standards of Diligenta Limited ("the Company") as of 31st December 2018 were audited by other auditors whose report thereon dated 18th April 2019; expressed an unmodified opinion on these financial statements.

Restriction on Distribution and Use

Audit of this special purpose financial statements, in accordance with International Financial Reporting Standards of the Company for the year ended 31st December, 2019 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 December 2019. Our report is strictly intended solely for the information and use by TCS for the preparation of consolidated financial statements 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)

Date: 8 June 2020
Place: Mumbai

STATEMENT OF FINANCIAL POSITION

(€'000)

	Note	As at December 31, 2019	As at December 31, 2018
ASSETS			
Non-current assets			
Right-of-use assets	7	13,044	-
Property, plant and equipment	8(a)	14,443	8,128
Intangible assets	8(b)	2,389	2,783
Deferred tax assets	12	2,011	2,349
Unbilled receivables		-	299
Other assets	8(c)	13,870	9,150
Contract assets	8(c)	-	956
Total non-current assets		45,757	23,665
Current assets			
Other assets	8(c)	12,274	9,383
Contract assets	8(c)	64,746	20,289
Other financial assets	6(d)	415	1,093
Unbilled receivables		13,669	29,404
Trade receivables	6(c)	24,351	16,478
Investments	6(b)	46,000	39,500
Cash and cash equivalent	6(a)	6,623	11,240
Total current assets		168,078	127,387
TOTAL ASSETS		213,835	151,052
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	6(f)	66,800	55,538
Finance lease liability	6(f)	-	268
Lease liabilities	6(f)	3,157	-
Other financial liabilities	6(e)	2,912	2,507
Unearned and deferred revenue		13,217	1,660
Employee benefit obligations	13(a)	1,785	1,735
Income tax liabilities(net)		3,864	2,454
Other liabilities	8(d)	7,200	6,911
Total current liabilities		98,935	71,073
Non-current liabilities			
Lease liabilities	6(f)	9,955	-
Deferred tax liabilities	12	697	304
Other liabilities	8(d)	-	61
Total non-current liabilities		10,652	365
TOTAL LIABILITIES		109,587	71,438
Equity			
Share capital	6(i)	1,000	1,000
Share premium		25,000	25,000
Retained earnings		36,248	11,614
Other reserve	6(i)	42,000	42,000
TOTAL EQUITY		104,248	79,614
TOTAL LIABILITIES AND EQUITY		213,835	151,052

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

12 March 2020

Company Registration No: 05535029

Notes 6 to 18 form part of the financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(€'000)

	Note	Year ended December 31,2019	Period ended December 31, 2018
REVENUE	9	387,665	239,580
Operating expenses:			
Employee benefits expenses	13	(171,526)	(105,942)
Depreciation and amortisation expense	8(a),8(b)	(4,128)	(2,271)
Right of use assets depreciation	7	(2,977)	-
Other operating expenses	10	(167,623)	(113,079)
Total operating expenses		(346,254)	(221,292)
OPERATING PROFIT		41,411	18,288
OTHER INCOME / (EXPENSE):			
Finance and other income	11(a)	323	208
Finance cost	11(b)	(422)	-
Other gains(net)		2	-
TOTAL OTHER (EXPENSE) / INCOME		(97)	208
PROFIT BEFORE TAXES		41,314	18,496
Income tax expense	12	(8,063)	(3,502)
PROFIT FOR THE YEAR / PERIOD		33,251	14,994
OTHER COMPREHENSIVE (LOSSES) / INCOME, NET OF TAXES			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined employee benefit plans		1,928	(118)
Deferred tax on remeasurement of defined employee benefit plans		(366)	22
Total other comprehensive (losses) / income, net of taxes		1,562	(96)
Total comprehensive income for the Year / period		34,813	14,898

Notes 6 to 18 form part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

(£'000)

	Share capital	Share premium	Other reserve	Retained earnings	Total Equity
Balance at April 1, 2018	1,000	25,000	42,000	(3,284)	64,716
Profit for the year	-	-	-	14,994	14,994
Other comprehensive (loss)	-	-	-	(96)	(96)
Total comprehensive income	-	-	-	14,898	14,898
Balance at 31 December 2018	1,000	25,000	42,000	11,614	79,614
Transition impact of IFRS 16	-	-	-	(179)	(179)
Restated balance as at 1 January 2019	1,000	25,000	42,000	11,435	79,435
Profit for the period	-	-	-	33,251	33,251
Other comprehensive income	-	-	-	1,562	1,562
Total comprehensive income	-	-	-	34,813	34,813
Dividend(including tax on dividend)	-	-	-	(10,000)	(10,000)
Balance at December 31, 2019	1,000	25,000	42,000	36,248	104,248

Other reserve of £42,000,000 (2018: £42,000,000) relates to a capital redemption reserve following the redemption of preference shares in previous years. This is a non – distributable reserve.

Notes 6 to 18 form part of the financial statements

Statement of Cash Flows

(€'000)

	Note	Year ended December 31, 2019	Period ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year / period		33,251	14,994
Income tax expense	12	8,063	3,502
Adjustment to reconcile profit or loss to net cash provided by operating activities:			
Depreciation and amortisation expense	7, 8(a), 8(b)	7,105	2,271
Operating profit before working capital changes		48,419	20,767
Net change in :			
Trade receivables		(7,873)	(14,979)
Unbilled receivables		16,034	(82)
Other financial assets		678	238
Other assets		(49,777)	(27,430)
Trade payables		11,262	26,684
Unearned and deferred revenue		11,557	978
Other financial liabilities		405	(1,095)
Other liabilities and provisions		373	2,728
Cash generated from operations		31,078	7,809
Taxes paid (net of refunds)		(6,247)	(1,827)
Net cash generated from operating activities		24,831	5,982
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(154,000)	(71,000)
Payment for purchase of property, plant and equipment	8(a)	(10,197)	(7,879)
Proceeds from disposal / redemption of investments		147,500	82,500
Net cash (used in) / provided from investing activities		(16,697)	3,621
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid (including tax on dividend)		(10,000)	-
Repayment of lease liabilities		(2,751)	-
Net cash used in financing activities		(12,751)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		(4,617)	9,603
Cash and cash equivalents at the beginning of the year / period		11,240	1,637
Cash and cash equivalents at the end of the year / period		6,623	11,240
Supplementary cash flow information			
Interest paid		422	-
Interest received		276	153

Notes 6 to 18 form part of the financial statements

Notes forming part of the Financial Statements

1. General information

The Company is incorporated in the United Kingdom under the Companies Act. The address of the registered office is Lynch Wood, Peterborough, Cambridgeshire PE2 6FY. The nature of the Company's operations and its principle activities are set out in the directors' report.

2. 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) as endorsed by the European Union.

3. 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.

4. Use of estimates and judgements

The preparation of financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and judgements 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 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 intangible assets, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities and has been discussed below. Key source of estimation of uncertainty in respect of revenue recognition, employee benefits and fair value measurement of financial instruments have been discussed in their respective policies.

The Company uses the following critical accounting estimates in preparation of its financial statements:

a) Revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. The Company has applied the practical expedient provided by IFRS 15, whereby the Company does not adjust the transaction price for the effects of the time value of money where the period between when the control on goods and services transferred to the customer and when payment thereof is due, is one year or less. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Notes forming part of the Financial Statements

- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such software cost is amortised over the economic life of the licence. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

b) 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.

c) 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. 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.

d) Useful lives of intangible assets

The Company reviews the carrying amount of intangible assets at the end of each reporting period. This reassessment may result in change in amortisation expense in future periods.

e) Valuation of deferred tax assets

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

f) Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

g) Employee benefits

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under the employee benefits note.

h) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise

Notes forming part of the Financial Statements

the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5. Recent accounting standards

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS Standards	References to Conceptual Framework ¹
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate Benchmark Reform ¹

¹ Effective for annual periods beginning on or after January 1, 2020.

IFRS Standards – References to Conceptual Framework

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Amendments primarily either update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised Framework, with effect from January 1, 2020. The Company does not expect that the amendment to have any impact on its financial statements.

IAS 1 and IAS 8 – Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

- **Obscuring:** The existing definition only focused on omitting or misstating information, however, IASB concluded that obscuring material information with information that can be omitted can have a similar effect.
- **Could reasonably be expected to influence:** The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- **Primary users:** The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Company does not expect that the amendment to have any impact on its evaluation of 'material' in relation to its financial statements.

IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

In September 2019, IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). The IASB felt that some hedge accounting requirements in IFRS 9 may be affected by uncertainties arising from the impact of the ongoing reform of some major interest rate benchmarks whereby efforts are being made to replace existing benchmarks with alternative, nearly risk free rates. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors. Therefore, IASB has amended specific hedge accounting requirements to provide exceptions during this period of uncertainty. The amendment primarily states that when determining whether a forecast transaction is highly probable, a Company shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform. The Company does not expect the amendment to have any significant impact because the Company hedges currency fluctuation risk and contractual cash flows of hedged items and hedging instruments do not vary significantly with changes in interest rate benchmarks.

6. Financial assets, financial liabilities and equity 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

Notes forming part of the Financial Statements

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.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

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 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 or loss.

The Company has deposits into Mutual Funds which are classified as financial assets measured through profit or loss. The Mutual Funds have a standard value of per unit which is the reference for any gains or losses on the holding. There has been no gain or loss on the holding of Mutual Funds.

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 of direct issue cost

Impairment of financial assets (other than at fair value)

The Company assesses at each date of statement 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 recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. 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

a) Cash and cash equivalents

Cash and cash equivalents are held in a banking institution with a credit rating of AA- (Standard & Poor's) and consist of the following:

	As at December 31, 2019	As at December 31, 2018
Cash in hand and at banks	6,623	11,240

(€'000)

Notes forming part of the Financial Statements

b) Investments

Investments consist of the following:

Investments - Current

(£'000)

Investments carried at fair value through profit or loss

Mutual fund units

Total

As at December 31, 2019	As at December 31, 2018
46,000	39,500
46,000	39,500

The mutual fund balances 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 interest rates.

c) Trade receivables

Trade receivables consist of the following:

(£'000)

Trade receivables – Current

Trade receivables

Less: Allowance for doubtful trade receivables

Total

As at December 31, 2019	As at December 31, 2018
24,351	16,478
-	-
24,351	16,478

d) Other financial assets

Other financial assets consist of the following:

(£'000)

Other financial assets – Current

Interest receivable

Employee loans and advances

Security deposits

Earmarked cash with Bank *

Total

As at December 31, 2019	As at December 31, 2018
18	24
142	97
7	972
248	-
415	1,093

*Diligenta Limited is the trustee under the Diligenta Group Life Assurance Scheme and, as such, receives funds ('trust money') from the insurers following the death of a member, and holds the trust money, as trustee.

e) Other financial liabilities

Other financial liabilities consist of the following:

(£'000)

Other financial liabilities – Current

Accrued payroll

Total

As at December 31, 2019	As at December 31, 2018
2,912	2,507
2,912	2,507

Notes forming part of the Financial Statements

f) Financial instruments by category

The carrying value of financial instruments by categories as at December 31, 2019 is as follows:

(€'000)

Financial assets	Fair value through profit or loss	Amortised cost	Total carrying value
Cash and cash equivalents	-	6,623	6,623
Trade receivables	-	24,351	24,351
Investments	46,000	-	46,000
Unbilled receivables	-	13,669	13,669
Other financial assets	-	415	415
Total	46,000	45,058	91,058
Financial liabilities			
Trade payables	-	66,800	66,800
Lease liability	-	13,112	13,112
Other financial liabilities	-	2,912	2,912
Total	-	82,824	82,824

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

(€'000)

Financial assets	Fair value through profit or loss	Amortised cost	Total carrying value
Cash and cash equivalents	-	11,240	11,240
Trade receivables	-	16,478	16,478
Investments	39,500	-	39,500
Unbilled receivables	-	29,404	29,404
Other financial assets	-	1,093	1,093
Total	39,500	58,215	97,715
Financial liabilities			
Trade payables	-	55,538	55,538
Finance lease liability	-	268	268
Other financial liabilities	-	2,507	2,507
Total	-	58,313	58,313

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at December 31, 2019 and 2018 approximate the fair value. Difference between carrying amounts and fair values of earmarked balances with banks, other financial assets, other financial liabilities and lease liabilities subsequently measured at amortised cost is not significant in each of the years presented.

Notes forming part of the Financial Statements

g) Fair value hierarchy

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

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

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

As at December 31, 2019

(£'000)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Mutual fund units	46,000	-	-	46,000
Total	46,000	-	-	46,000

As at December 31, 2018

(£'000)

	Level 1	Level 2	Level 3	Total
Financial assets:				
Mutual fund units	39,500	-	-	39,500
Total	39,500	-	-	39,500

h) 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 looks to mitigate the market risk by agreeing terms predominantly in the functional currency, securing fixed price borrowings and liquid investment.

(a) Foreign currency exchange rate risk

The functional currency of the Company is GBP (£).

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 that are measured in terms of historical cost in foreign currencies are not translated.

The Company's transactions are mainly in GBP, hence its exposure to foreign currency exchange rate risk is limited.

Notes forming part of the Financial Statements

(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. The credit risk of financial instruments has not increased since the initial recognition.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, investments, cash and cash equivalents and other financial assets. Investments include an amount of £46,000,000 held as mutual funds. 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 £91,058,000 and £98,014,000 as at 31 December 2019 and 31 December 2018, respectively, being the total of the carrying amount of balances with banks with high quality credit rating, trade receivables, unbilled receivables, other financial assets and investments.

Trade Receivables and Contract assets

The entity's exposure to credit risk with regards to trade receivables and contract assets is influenced mainly by the individual characteristics of each customer in relation to the industry practices and business environment in which they operate. The entity limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 365 days for its customers after which they are in default (credit impaired). To manage this risk, the Company has a robust Credit Management process in place. The Company has adopted a policy of dealing only with creditworthy counterparties. The Company's exposure of the counterparties is continuously monitored and necessary changes to the credit terms are made. The carrying amounts of financial assets represent the maximum credit risk exposure. None of the customer balances have been written off and only a few customer balances have been credit impaired at the reporting date.

The following customers form more than 10% of outstanding trade receivable and unbilled receivables as at 31 December 2019 and 31 December 2018.

(£'000)

	As at December 31, 2019		As at December 31, 2018	
	Amount	%	Amount	%
Customer A	3,953	10.40	12,058	26.11
Customer B	12,243	32.20	13,617	29.49
Customer C	11,819	31.09	12,277	26.58
Customer D	7,065	18.58	-	-

Geographic concentration of credit risk

Geographic concentration of trade receivables (gross and net of allowances) and unbilled receivables is as follows:

	As at December 31, 2019		As at December 31, 2018	
	Gross %	Net %	Gross %	Net %
United Kingdom	100	100	100	100

Geographical concentration of trade receivables and unbilled receivables is allocated based on the location of the customers.

Notes forming part of the Financial Statements

The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers. The expected credit loss allowance is based on the ageing of the days the receivables are due and are as follows:

As at December 31, 2019

(€'000)

	Weighted average loss rate	Gross carrying amount*	Provision balance adjusted	Net Amount	Loss amount	Credit impaired
Ageing						
Not Due	0%	17,041	-	-	-	-
1-90 days	0%	6,611	-	-	-	-
91-180 days	0%	-	-	-	-	-
181-272 days	0%	-	-	-	-	-
273-364 days	0%	-	-	-	-	-
>365 days	100%	-	-	-	-	-
TOTAL		23,652	-	-	-	-

* Gross carrying amount excludes inter-Company receivables

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 does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

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 at December 31, 2019:

(€'000)

	Due 1st year	Due 2nd year	Due 3rd to 5th year	Due after 5th year	Total
Non derivative financial liabilities:					
Trade payables	66,800	-	-	-	66,800
Lease liability	3,393	3,343	7,088	-	13,824
Other financial liabilities	2,912	-	-	-	2,912
Total	73,105	3,343	7,088	-	83,536

The tables below provide details regarding the contractual maturities of significant financial liabilities As at December 31, 2018

(€'000)

	Due 1st year	Due 2nd year	Due 3rd to 5th year	Due after 5th year	Total
Non derivative financial liabilities:					
Trade payables	55,538	-	-	-	55,538
Finance lease liability	268	-	-	-	268
Other financial liabilities	2,507	-	-	-	2,507
Total	58,313	-	-	-	58,313

Notes forming part of the Financial Statements

i) Equity instruments

The authorised, issued, subscribed and fully paid up share capital consist of the following:

	(€'000)	
	As at December 31, 2019	As at December 31, 2018
a) Authorised		
Ordinary equity shares 2,000,000 of €1 each	2,000	2,000
Redeemable preference shares 50,000,000 of €1 each	50,000	50,000
b) Issued, Subscribed and Paid Up		
1,000,001 ordinary equity shares of €1 each	1,000	1,000

Other reserve of €42,000,000 (2018: €42,000,000) relates to a capital redemption reserve following the redemption preference shares in previous years. This is a non – distributable reserve.

7. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Notes forming part of the Financial Statements

Transition to IFRS 16

In January 2016, International Accounting Standards Board issued the final version of IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. IFRS 16 has replaced IAS 17 Leases, and its related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted IFRS 16, effective annual reporting period beginning January 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (January 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on January 1, 2019.

Operating leases

For transition, the Company has elected not to apply the requirements of IFRS 16 to leases, which are expiring within 12 months from the date of transition by class of asset, and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying IFRS 16 to leases previously classified as operating leases under IAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying IAS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at January 1, 2019. Accordingly, a right-of-use asset of £ 11,308 thousand and lease liability of £ 11,378 thousand has been recognised. The cumulative effect on transition in retained earnings net of taxes is £ 179 thousand (including the deferred tax of £ 42 thousand). The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per IAS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 2.765% has been applied to lease liabilities recognised in the statement of financial position at the date of initial application.

On application of IFRS 16, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at December 31, 2018 compared to the lease liability as accounted as at January 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of IFRS 16 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The details of the right- of – use asset held by the Company is as follows:

(£'000)

	Additions for the year ended December 31, 2019	Net Carrying amount as at December 31, 2019
Buildings	4,008	12,314
Computer Equipment	-	37
Vehicles	-	12
Office equipment	704	681
Total	4,712	13,044

Notes forming part of the Financial Statements

Depreciation on right – of – use asset is as follows:

	(£'000)
	Year ended December 31, 2019
Buildings	2,833
Computer equipment	111
Vehicles	10
Office equipment	23
Total	2,977

Amounts recognised in the statement of profit and loss

	(£'000)
	Year ended December 31, 2019
Depreciation	2,977
Interest on lease liability	346
Expense relating to short term leases and leases of low value assets	578
Total	3,901

Amount recognised in statement of cash flow

	(£'000)
	Year ended December 31, 2019
Total cash outflow for leases	3,676

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

Extension Option

Some property leases contain extension options that the Company may exercise up to eleven months before the end of the non-cancellable contract period. The extension options maintained are exercisable by both the Company and the lessor. The Company evaluates on the start date of the lease if it is reasonably safe to exercise the extension options.

The Company has estimated that possible future lease payments of £ 5,404 thousand., in case of exercising the extension option, would result in an increase in lease liabilities of £ 5,103 thousand.

Finance lease

The Company has leases that were classified as finance leases applying IAS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of IFRS 16 is the carrying amount of the lease asset and lease liability on the transition date as measured applying IAS 17. Accordingly, an amount of £ 148 thousand has been reclassified from property, plant and equipment to right-of-use assets. An amount of £ 268 thousand has been reclassified from borrowings – current to lease liability – current.

8. Non-financial assets and liabilities

a) Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Notes forming part of the Financial Statements

Depreciation is provided for property, plant and equipment so as to expense the cost less residual values 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
Leasehold improvements	Straight-line	Lease term
Computer equipment	Straight-line	4 years
Furniture and fixtures	Straight-line	5 years
Office equipment and other assets	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. Capital work-in-progress includes capital advances.

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 profit or loss.

Property, plant and equipment consist of the following:

	(€'000)			
	Computer equipment	Leasehold improvement	Capital work in progress	Total
Cost as at 1 January 2019	24,270	310	271	24,851
Additions	9,555	913	-	10,468
Transition impact of IFRS 16	(6,708)	-	-	(6,708)
Deletions	-	-	(271)	(271)
Cost as at 31 December 2019	27,117	1,223	-	28,340
Accumulated Depreciation as at 1 January 2019	16,586	137	-	16,723
Depreciation for the year	3,515	219	-	3,734
Transition impact of IFRS 16	(6,560)	-	-	(6,560)
Accumulated Depreciation as at 31 December 2019	13,541	356	-	13,897
Net carrying amount as at 31 December 2019	13,576	867	-	14,443

	(€'000)			
	Computer equipment	Leasehold improvement	Capital work in progress	Total
Cost as at 1 April 2018	16,719	253	-	16,972
Additions	7,551	57	271	7,879
Cost as at 31 December 2018	24,270	310	271	24,851
Accumulated Depreciation as at 1 April 2018	14,794	97	-	14,891
Depreciation for the period	1,792	40	-	1,832
Accumulated Depreciation as at 31 December 2018	16,586	137	-	16,723
Net carrying amount as at 31 December 2018	7,684	173	271	8,128

Notes forming part of the Financial Statements

(€'000)

Computer equipment

As at December 31, 2019	As at December 31, 2018
-	148

b) Other Intangible assets

Intangible assets purchased, are measured at cost as at the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets are amortised on a straight line basis.

Intangible assets consist of Pre-contract costs, rights under licensing agreement and software licences. Following table summarises the nature of intangibles and their estimated useful lives.

Nature of intangible	Useful lives
Pre-contract costs	10-12 years
Software license	License period
Rights under licensing agreement	2-5 years

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 profit or loss.

Intangible assets consist of the following:

(€'000)

Cost as at 1 January 2019

Cost as at 31 December 2019

Accumulated amortisation as at 1 January 2019

Amortisation for the year

Accumulated amortisation as at 31 December 2019

Net carrying amount as at 31 December 2019

Pre-Contract costs	Rights under licensing agreement and software licences	Total
5,162	6,905	12,067
5,162	6,905	12,067
5,162	4,122	9,284
-	394	394
5,162	4,516	9,678
-	2,389	2,389

Notes forming part of the Financial Statements

(£'000)

	Pre-Contract costs	Rights under licensing agreement and software licences	Total
Cost as at 1 April 2018	5,162	6,905	12,067
Cost as at 31 December 2018	5,162	6,905	12,067
Accumulated amortisation as at 1 April 2018	5,153	3,692	8,845
Amortisation for the period	9	430	439
Accumulated amortisation as at 31 December 2018	5,162	4,122	9,284
Net carrying amount as at 31 December 2018	-	2,783	2,783

The estimated amortisation for the years subsequent to December 31, 2019 is as follows

(£'000)

Year ending 31 December,	Amortisation expense
2020	333
2021	333
2022	333
2023	333
Thereafter	1,057
Total	2,389

c) Other assets

Other assets consist of the following:

(£'000)

Other assets – Current	As at December 31, 2019	As at December 31, 2018
Advance to suppliers	164	-
Indirect tax recoverable	340	400
Prepaid expenses**	3,285	8,631
Contract fulfilment costs *	8,485	176
Prepaid rent	-	176
Total	12,274	9,383

(£'000)

Other assets – Non current	As at December 31, 2019	As at December 31, 2018
Prepaid expenses**	1,713	7,548
Contract fulfilment costs *	8,255	-
Net pension asset – refer note 13b	3,902	1,602
Total	13,870	9,150

* (£1,000 has been charged to statement of profit or loss during the year ended 31 December 2019 from contract fulfilment cost)

**Prepaid rent of £ 321,895 has been reclassified to lease liability pursuant to transition to IFRS 16.

Notes forming part of the Financial Statements

Movement in contract assets is given below:

	Amount in £'000
Opening balance as on 1 January 2019	21,245
Add: Revenue recognised during the year	73,388
Less: Invoices raised during the year	(42,247)
Add: Other movement during the year	12,360
Closing balance as on 31 December 2019	64,746

(£'000)

Other assets – Current

	As at December 31, 2019	As at December 31, 2018
Contract assets	64,746	20,289

(£'000)

Other assets – Non current

	As at December 31, 2019	As at December 31, 2018
Contract assets	-	956

d) Other liabilities

(£'000)

Other liabilities – Current

	As at December 31, 2019	As at December 31, 2018
Advance received from customers	100	-
Indirect tax payable and other statutory liabilities	6,819	6,857
Operating lease liabilities	-	35
Others*	281	19
Total	7,200	6,911

* Amount include £ 248 thousands towards earmarked cash with bank held by Diligenta Limited. Diligenta Limited is the trustee under the Diligenta Group Life Assurance Scheme and, as such, receives funds ('trust money') from the insurers following the death of a member, and holds the trust money, as trustee.

(£'000)

Other liabilities – Non current

	As at December 31, 2019	As at December 31, 2018
Operating lease liabilities	-	61
Total	-	61

Operating lease liabilities of £ 95,513 has been reclassified to retained earnings pursuant to transition to IFRS 16.

9. Revenue recognition

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Notes forming part of the Financial Statements

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

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

Unearned and deferred revenue ("contract liability") is recognised when the billing is in excess of recognised revenue.

Billing to customers follows different schedules based upon the nature and type of goods and services being transferred. The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit periods.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

The Company generates revenue through the supply of outsourcing services to the UK Financial Services sector primarily in Life and Pension industry.

(€'000)

	Year ended December 31, 2019	Period ended December 31, 2018
Revenue from contracts with customers	387,665	239,580

Notes forming part of the Financial Statements

All revenue is derived in the United Kingdom.

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event-based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is £ 209,250,960 out of which 63.10 % is expected to be recognised as revenue within the next 1 year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Movement in unearned and deferred revenue is given below:

	(£'000)
Amount	
Opening balance as on 1 January 2019	1,660
Less: Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year	(1,660)
Add: Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	13,217
Closing balance as on 31 December 2019	13,217

10. Cost recognition

The costs of the Company are broadly categorised into employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, project expenses, software expenses, facility expenses, travel expenses, communication expenses, bad debts, and other expenses.

Other operating expense

	(£'000)	
	Period ended December 31, 2019	Period ended December 31, 2018
Project expenses	97,305	58,625
Software expense	21,316	14,906
Fees to external consultants and others	21,022	14,258
Facility expenses	6,238	8,420
Travel expense	1,872	1,398
Communication expense	6,131	4,181
Other expenses	13,739	11,291
Total	167,623	113,079

The remuneration of the auditor for the period in respect of statutory audit services was £74,000 (period to 31 December 2018: £52,000). The reimbursement for out of pocket expenses for the auditor for the period was £2,826 (period to 31 December 2018: £1,000). All amounts exclude value added tax.

Notes forming part of the Financial Statements

11. Other income

a) Finance and other income

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

(€'000)

	Year ended December 31, 2019	Period ended December 31, 2018
Interest received	271	177
Others	52	31
Total	323	208

b) Finance cost

(€'000)

	Year ended December 31, 2019	Period ended December 31, 2018
Interest on lease liabilities	346	-
Other interest costs	76	-
Total	422	-

12. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the period. 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 the taxable profit for the period 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 statements 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

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 an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

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.

Notes forming part of the Financial Statements

The income tax expense consists of the following:

	(£'000)	
Current tax (A)	Year ended December 31, 2019	Period ended December 31, 2018
Current tax expense	7,596	3,478
Current tax pertaining to prior periods	60	42
Total	7,656	3,520

	(£'000)	
Deferred tax (B)	Year ended December 31, 2019	Period ended December 31, 2018
Deferred tax expense	429	(18)
Deferred tax pertaining to prior periods	(22)	-
Total	407	(18)
Total (A+B)	8,063	3,502

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

	(£'000)	
	Year ended December 31, 2019	Period ended December 31, 2018
Profit before taxes	41,314	18,496
Statutory income tax rate	19%	19%
Expected income tax expense	7,850	3,514
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income exempt from tax	-	(42)
Tax on income at different rates	723	(21)
Tax pertaining to prior years	60	42
Disallowable expenses	(977)	9
Total income tax expense	7,656	3,502

The Budget on 8 July 2015 announced changes in the main UK corporation tax rate. The rate (currently 19 %) will reduce to 18% from 1 April 2020.

The reduction in tax rates was included in the 2015-2016 Finance Act which was substantively enacted for the purposes of IFRS and UK GAAP (i.e., having completed its Commons stages) on 26 October 2015.

The Budget on 16 March 2016 announced further changes in the main UK corporation tax rate. The effective rate of 18% from 1 April 2020 was to be further reduced to 17%.

This further reduction in tax rates was included in the 2016 Finance Act which was substantively enacted for the purposes of IFRS and UK GAAP (i.e., having completed its Commons stages) on 6 September 2016.

Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the period ended Year ended December 31, 2019 are as follows:

(€'000)

	Opening balance	Recognised In Retained earning	Recognised in profit or loss	Recognised in / from other comprehensive income	Closing Balance
Deferred tax assets / (liabilities) in relation to Property, plant and equipment and intangible assets	1,741	-	(352)	-	1,389
Provision for employee benefits and compensated absences	26	-	(83)	(366)	(423)
IFRS 16	-	42	21	-	63
Others	278	-	7	-	285
Total deferred tax assets / (liabilities)	2,045	42	(407)	(366)	1,314

(€'000)

As at December 31, 2019

Property, plant and equipment and intangible assets
Provision for employee benefits and compensated absences
Operating lease liabilities
Transition impact of IFRS 16
Others
IFRS 16
Total deferred tax asset / (liabilities)

Assets	Liabilities	Total
1,389	-	1,389
274	(697)	(423)
-	-	-
42	-	42
285	-	285
21	-	21
2,011	(697)	1,314

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

(€'000)

	Opening balance	Recognised in profit or loss	Recognised in / from other comprehensive income	Closing Balance
Deferred tax assets / (liabilities) in relation to Property, plant and equipment and intangible assets	1,919	(178)	-	1,741
Provision for employee benefits and compensated absences	(87)	91	22	26
Others	172	106	-	278
Total deferred tax assets / (liabilities)	2,004	19	22	2,045

(€'000)

As at December 31, 2018

Property, plant and equipment and intangible assets
Provision for employee benefits and compensated absences
Others
Total deferred tax asset / (liabilities)

Assets	Liabilities	Total
1,741	-	1,741
330	(304)	26
278	-	278
2,349	(304)	2,045

Notes forming part of the Financial Statements

13. Employee Benefits

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 statement of financial position. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in 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 statement of financial position 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.

Defined contribution plans

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

Compensated absences

Compensated absences that are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an undiscounted liability at the date of statement of financial position. Compensated absences that 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 date of financial position.

Employee benefit expenses consist of the following:

	(€'000)	
	Year ended December 31, 2019	Period ended December 31, 2018
Salaries, incentives and allowances	143,610	88,765
Social security and pension costs	24,582	14,806
Staff welfare expenses	3,334	2,371
Total	171,526	105,942

	No	
	Year ended December 31, 2019	Period ended December 31, 2018
The average number of employees was as follows:		
Administration	5,009	4,412

Employee benefit obligations consist of the following:

a) Employee benefit obligations - current

	(€'000)	
	As at December 31, 2019	As at December 31, 2018
Compensated absences	1,785	1,735
Total	1,785	1,735

Notes forming part of the Financial Statements

b) Employee benefit obligations – non - current

(£'000)

	As at December 31, 2019	As at December 31, 2018
Net defined benefit pension asset	3,902	1,602
Total	3,902	1,602

Defined contribution scheme

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total cost charged to income of £12,025,563 (2018: £7,164,000) represents contributions payable to these schemes.

Employee benefit plans

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

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, 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 2018 and updated to 31 December 2019 by a qualified independent actuary.

The movement in the present value of defined benefit obligations during the period / year were as follows:

(£'000)

	Year ended December 31, 2019	Period ended December 31, 2018
Plan liabilities at the beginning year / period	30,854	31,855
Interest costs	850	618
Actuarial loss / (gain) on liabilities	3,117	(1,230)
Benefits paid from plan assets	(1,007)	(389)
Plan liabilities at the end of the period / year	33,814	30,854

The movement in the fair value of scheme assets during the period/year was as follows:

(£'000)

	Year ended December 31, 2019	Period ended December 31, 2018
Fair value of assets at the beginning of the year / period	32,456	33,390
Actual return on assets	5,807	(811)
Employer contributions	460	266
Benefits paid	(1,007)	(389)
Fair value of assets at the end of the year / period	37,716	32,456

Notes forming part of the Financial Statements

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)
	Year ended December 31, 2019
Fair value of assets	37,716
Present value of scheme liabilities	(33,814)
Net pension asset	3,902

The analysis of the scheme assets at the balance sheet date was as follows:

	(£'000)
	Fair value of assets
	Year ended December 31, 2019
Bonds	14,758
Cash	687
Diversified Growth Funds	11,096
Liability Driven Investment	11,175
Total	37,716

The amounts charged within the operating profit were:

	(£'000)
	Year ended December 31, 2019
Current scheme expenses	137
Total	137

Other finance cost comprises:

	(£'000)
	Year ended December 31, 2019
Interest on plan liabilities	850
Expected return on assets in the plan	(899)
Total	(49)

The amount recognised in the other comprehensive income is:

	(£'000)
	Year ended December 31, 2019
Actual return less interest on pension scheme assets	5,045
Change in the assumptions underlying the present value of the scheme liabilities	(3,117)
Total before adjustment for tax	1,928
Adjustment for tax	(366)
Total gain / (loss) recognised in the statement of comprehensive income	1,562

Notes forming part of the Financial Statements

The cumulative amount of actuarial gains and losses recognised in other comprehensive income since the pension scheme creation is £5,758,000 (December 2018: £2,826,000).

The main assumptions used by the actuary were:

	[% p.a.]	
	31 December 2019	31 December 2018
Discount rate	2.00	2.80
Rate of increase of pensions in payment	2.00	2.10

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions holding other assumptions constant would have affected the defined benefit obligation by the amounts shown below.

	[£'000]			
	December 31, 2019 Increase	December 31, 2019 Decrease	December 31, 2018 Increase	December 31, 2018 Decrease
Discount rate (0.5% movement)	(3,381)	3,720	(2,777)	3,394
RPI Inflation (0.5% movement)	2,029	(2,029)	1,543	(1,851)
Assumed life expectancy (1 year)	1,014	-	926	-

Mortality Assumptions

The mortality assumptions have 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 December 2019

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 20 years are shown in years below:

Age	Males	Females
60	26	27.9
60 in 20 years	27.2	29.1

Movement in related deferred tax liability

	[£'000]	
	Year ended December 31, 2019	Period ended December 31, 2018
Related deferred tax liability at beginning of year / period	(304)	(291)
Recognised through profit and loss account	(65)	(35)
Recognised through statement of comprehensive income	(367)	22
Related deferred tax liability at end of year / period	(736)	(304)

	[£'000]	
	Year ended December 31, 2019	Period ended December 31, 2018
1st following year	638	601
2nd following year	447	451
3rd following year	543	561
4th following year	625	548
5th following year	619	647
Years 6 to 10	4,389	4,380

Notes forming part of the Financial Statements

The movement in the surplus during the year was:

	31 December 2019	31 December 2018
Surplus in the plan at the beginning of the year / period	1,602	1,535
Current service costs	(137)	(112)
Contributions paid	460	266
Other finance income	49	31
Actuarial gain / (loss)	1,928	(118)
Surplus in the plan at the end of the year / period	3,902	1,602

(£'000)

14. Directors Remuneration

Remuneration in respect of directors during the period was as follows:

	Year ended December 31, 2019	Period ended December 31, 2018
Emoluments (excluding pension contributions)	368	777
Company contributions to money purchase pension schemes	10	15
	378	792

(£'000)

During the period, no directors (2018: none) participated in defined benefit pension schemes and no director (9 month ended 31 December 2018: one) participated in money purchase pension schemes.

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.

	Year ended December 31, 2019	Period ended December 31, 2018
Highest paid director's remuneration:		
Aggregate amount of emoluments (excluding pension contributions)	297	404
Pension contributions to money purchase pension schemes	10	15
	307	419

(£'000)

15. Commitments and contingencies

Commitments

The Company has entered into a lease agreement for a premise in Basingstoke. The contractual commitment on account of this lease arrangement would be £ 188,664 in Year 2020 and remaining £ 377,328 in subsequent 2 years.

The Company has contractually committed £ 836,730 as at December 31, 2019 for purchase of property, plant and equipment.

Contingencies

The Company has no contingencies as at 31 December 2019 and 31 December 2018.

16. Related party transactions

TCS Limited, the parent Company and its subsidiaries are related parties of the Company due to their holding in its ordinary share capital. All transactions are conducted on normal commercial terms, settled through cash payments / receipts. None of the balances are secured. No expense has been recognised in the current or prior period for bad or doubtful debts in respect of amounts owed by related parties.

Notes forming part of the Financial Statements

(€'000)

	Year ended December 31, 2019	Period ended December 31, 2018
Services received from TCS Limited	93,775	58,253
Services provided to TCS Limited	3,535	2,329
Expenses recharged to TCS Limited	108	146
Expenses recharged by TCS Limited	2,574	2,045
Dividend paid	10,000	-

(€'000)

	As at December 31, 2019	As at December 31, 2018
Amounts due from TCS Limited	699	307
Amounts owed to TCS Limited	44,054	34,384

Tata Communications Limited ("TCOM") is a fellow subsidiary of TCS Limited. The following transactions and balances are all conducted on an arms length basis and settled through cash payments.

(€'000)

	Year ended December 31, 2019	Period ended December 31, 2018
Services received from TCOM	744	481

17. SUBSEQUENT EVENTS

There were no subsequent events that need disclosure.

18. 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 31,2020**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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Independent Auditor's Report

TO THE MEMBERS OF CMC AMERICAS, INC.

Report on the Audit of Special Purpose Financial Statements

Opinion

We have audited the special purpose financial statements of CMC Americas, Inc. ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. These financial statements have been prepared by the management as described in Note 2 to the financial statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and of its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date in accordance with Note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SA's are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 3 to the financial statements, which describes that the going concern basis of preparation of financial statements has not been used as the Company has decided to liquidate into its parent entity by December 2020. The plan has been approved by the shareholders in February 2020. Our opinion is not modified in respect of this matter.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss (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) notified by the Ministry of Corporate Affairs, as described in Note 2 to the financial statements. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SA's 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 SA's, 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. These financial statements are prepared to assist the holding Company, Tata Consultancy Services Limited, to comply with the requirements of Section 129[3] of the Act. These financial statements are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted or circulated, or referred to, in correspondence or discussion, in whole or in part or distributed to anyone other than the purpose for which it has been issued without our prior written consent.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Rajesh Mehra

Partner

Membership No. 103145

Mumbai

Date: May 20, 2020

Balance Sheet

[USD]

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	7(a)	-	-
(b) Income tax assets (net)		-	1,478,550
(c) Deferred tax assets (net)	14	-	7,735
Total non-current assets		-	1,486,285
Current assets			
(a) Financial assets			
(i) Trade receivables	6(a)	4,059,327	4,672,735
(ii) Cash and cash equivalents	6(b)	1,655,320	8,553,569
(iii) Other balances with bank	6(c)	904,115	875,000
(iv) Loans receivables	6(d)	9,000	13,268
(v) Other financial assets	6(e)	40,320	24,449
(b) Property, plant and equipment	7(a)	-	-
(c) Income tax asset (net)		881,248	-
(d) Other assets	7(b)	139,770	123,648
Total current assets		7,689,100	14,262,669
TOTAL ASSETS		7,689,100	15,748,954
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	6(j)	1,600,010	1,600,010
(b) Other equity	8	3,541,785	9,461,903
Total Equity		5,141,795	11,061,913
Liabilities			
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	6(f)	1,943,127	2,713,436
(ii) Other financial liabilities	6(g)	109,337	194,519
(b) Unearned and deferred revenue		458,434	310,599
(c) Employee benefit obligations	11	2,293	28,172
(d) Income tax liabilities(net)		-	1,397,083
(e) Deferred tax liabilities (net)	14	12,491	-
(f) Other liabilities	7(c)	21,623	43,232
Total current liabilities		2,547,305	4,687,041
TOTAL EQUITY AND LIABILITIES		7,689,100	15,748,954

NOTES FORMING PART OF FINANCIAL STATEMENTS

1-20

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm's registration no.: 101248W/W-100022

Rajesh Mehra

Partner

Membership number: 103145

Place: Mumbai

Date: May 20, 2020

For and on behalf of the Board

Surya Kant

Director

Place: NJ, USA

Latesh Sewani

Director

Place: NJ, USA

Statement of Profit and Loss

(In USD, except shares data)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
I. Revenue	9	14,968,809	28,713,068
II. Other income	10	20,620	38,039
III. TOTAL INCOME		14,989,429	28,751,107
IV. Expenses			
(a) Employee benefit expenses	11	6,082,870	9,713,867
(b) Other expenses	12	2,784,684	12,617,481
(c) Finance costs	13	257,172	1,979
TOTAL EXPENSES		9,124,726	22,333,327
V. PROFIT BEFORE TAX (III-IV)		5,864,703	6,417,780
VI. Tax expense			
(a) Current tax	14	764,595	2,002,545
(b) Deferred tax	14	20,226	6,265
TOTAL TAX EXPENSES		784,821	2,008,810
VII. PROFIT FOR THE YEAR		5,079,882	4,408,970
VIII. OTHER COMPREHENSIVE INCOME (OCI)		-	-
TOTAL OTHER COMPREHENSIVE INCOME		-	-
IX. TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,079,882	4,408,970
X. Earnings per equity share :- Basic and diluted (USD)	15	0.03	0.03
Weighted average number of equity shares		160,001,000	160,001,000
NOTES FORMING PART OF FINANCIAL STATEMENTS	1-20		

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm's registration no.: 101248W/W-100022

Rajesh Mehra

Partner

Membership number: 103145

Place: Mumbai

Date: May 20, 2020

Surya Kant

Director

Place: NJ, USA

For and on behalf of the Board

Latesh Sewani

Director

Place: NJ, USA

Statement of Changes In Equity

A. EQUITY SHARE CAPITAL

(USD)

Balance as at April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
1,600,010	-	1,600,010

(USD)

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
1,600,010	-	1,600,010

B. OTHER EQUITY

(USD)

Balance as at April 1, 2018

Profit for the year

Total comprehensive income

Dividend (including tax on dividend of USD 630,000)

Balance as at March 31, 2019

Balance as at April 1, 2019

Profit for the year

Total comprehensive income

Dividend (including tax on dividend of USD 1,650,000)

Balance as at March 31, 2020

Reserves and surplus		
General reserve	Retained earning	Total Equity
504,471	8,748,462	9,252,933
-	4,408,970	4,408,970
-	4,408,970	4,408,970
-	(4,200,000)	(4,200,000)
504,471	8,957,432	9,461,903
504,471	8,957,432	9,461,903
-	5,079,882	5,079,882
-	5,079,882	5,079,882
	(11,000,000)	(11,000,000)
504,471	3,037,314	3,541,785

Nature and purpose of reserves

General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an 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 FINANCIAL STATEMENTS 1-20

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants
Firm's registration no.: 101248W/W-100022

Rajesh Mehra

Partner
Membership number: 103145

Place: Mumbai
Date: May 20, 2020

Surya Kant

Director

Place: NJ, USA

For and on behalf of the Board

Latesh Sewani

Director

Place: NJ, USA

Statement of Cash Flows

(USD)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit for the year

Adjustments to reconcile profit to net cash generated from operating activities

Tax expense	784,821	2,008,810
Interest income	(20,620)	(9,450)
Bad debts and advances written (back) / off, allowance for trade receivables and advances (net)	(6,567)	(17,638)
Finance costs	257,172	1,979

Operating profit before working capital changes

Net change in:

Trade receivables	619,976	3,871,745
Unbilled receivables	-	116,892
Loans receivables and other financial assets	9,017	14,153
Other assets	(16,123)	5,500
Trade payables	(770,309)	(10,486,987)
Other financial liabilities	(85,182)	(96,920)
Unearned and deferred revenues	147,835	265,947
Employee benefit obligations	(25,879)	(28,798)
Other liabilities	(21,609)	(20,740)

Cash generated from operations

Taxes paid (net of refund)

Net cash (used in) / generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal / redemption of investments	-	10
Other balances with bank	(29,115)	-
Net cash (used in) / generated from investing activities	(29,115)	10

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid (including tax on dividend)	(11,000,000)	(4,200,000)
Interests paid	(257,172)	(1,979)
Net cash (used in) / generated from financing activities	(11,257,172)	(4,201,979)
Net change in cash and cash equivalents	(6,898,249)	(5,533,480)
Cash and cash equivalents at the beginning of the year	8,553,569	14,087,049
Cash and cash equivalents at the end of the year (Refer note 6(b))	1,655,320	8,553,569

NOTES FORMING PART OF FINANCIAL STATEMENTS 1-20

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm's registration no.: 101248W/W-100022

Rajesh Mehra

Partner

Membership number: 103145

Place: Mumbai

Date: May 20, 2020

Subsidiary Financials 2019-20

For and on behalf of the Board

Surya Kant

Director

Place: NJ, USA

Latesh Sewani

Director

Place: NJ, USA

CMC Americas, Inc | 17.7

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 Private Limited is the ultimate holding company. During the year ended 31st March, 2011, the Company has set up wholly owned subsidiary, CMC eBiz Inc., in the State of Delaware, United States of America (CMC eBiz was liquidated w.e.f. June 19, 2018). The main object of the Company is to execute IT and ITES projects. The Company derives its revenues mainly in the USA.

The Board of Directors approved the financial statements for the year ended March 31, 2020 and authorized for issue on May 20, 2020.

2. 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. 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.

3. Basis of preparation

The Company has only two active contracts which are set to expire by October 2020. All the new customer contracts, including renewals, are executed by its parent entity, Tata Consultancy Services Limited. In January 2020, the Company approved a Plan of Liquidation and Dissolution for a complete liquidation and dissolution pursuant to and in accordance with section 332 of the Internal Revenue Code of 1986 and Chapter 1, Subchapter 10, 275 of Delaware Business Corporation Law, whereby, it decided to liquidate into its parent entity by December 2020, after the expiry of the two customer contracts. The Plan has been approved by the shareholders in February 2020. Consequently, the Company has determined that as per Ind AS 1, 'Going concern' is not the appropriate basis for preparation of financial statements for the year ended March 31, 2020.

The Company's financial statement as on March 31, 2020 has no non current financial assets. Its total current assets is USD 7,689,100 inclusive of USD 2,559,435 of cash and cash equivalents and other balances with bank and its total current liabilities is USD 2,547,305. Its financial instruments are measured at amortized cost. Accordingly, Company has classified all assets and liabilities as current as per the Company's current operating cycle. Based on the fact that the Company is going to liquidate into its parent entity by December 2020 the Company has considered an operating cycle of less than 12 months. Hence the Company did not deviate from the general requirements of measurement, recognition and disclosure of Ind AS as applicable to the Company for the year ended March 31, 2020. The Company does not foresee any incremental tax impact to arise due to this liquidation.

Basis above, Company does not foresee any material impact on account of the ongoing situation from Covid -19.

These financial statements have been prepared in United State Dollar (USD) which is the functional currency of the Company. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognized 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 retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

4. 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 of 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 recognized in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

Notes forming part of the Financial Statements

a Revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts are recognized using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b. 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.

c. 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.

d. Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

e. Provisions and contingent liabilities

The Company estimates the provisions that have a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to

Notes forming part of the Financial Statements

settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

5. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

6. Financial assets, financial liabilities and equity 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.

The Company derecognizes a financial asset only when the contractual right to the cash flows from the asset expires, or when it transfers the financial asset substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

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 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 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 and loss are immediately recognized in statement of profit and loss.

Investment in subsidiaries

Investment in subsidiaries are carried at cost less impairment, if any.

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 issued by the Company are recognized at the proceeds received net of direct issue cost.

Notes forming part of the Financial Statements

Impairment of 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 recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. 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 allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

a. Trade receivables

Trade receivables (unsecured) consist of the following:

	(USD)	
Trade Receivables - Current	As at March 31, 2020	As at March 31, 2019
Considered good	4,059,357	4,676,647
Less: allowance for doubtful trade receivables	(30)	(3,912)
	<u>4,059,327</u>	<u>4,672,735</u>
Credit impaired	-	2,685
Less: allowance for doubtful trade receivables	-	(2,685)
	<u>-</u>	<u>-</u>
	<u><u>4,059,327</u></u>	<u><u>4,672,735</u></u>

Above balances of trade receivables include balances with related parties. (Refer note 19)

b. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(USD)	
	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In current accounts	1,655,320	8,553,569
	<u>1,655,320</u>	<u>8,553,569</u>

c. Other balances with banks

Other bank balances consist of the following:

	(USD)	
	As at March 31, 2020	As at March 31, 2019
Earmarked balances with bank	904,115	875,000
	<u>904,115</u>	<u>875,000</u>

Earmarked balances with bank pertains to performance guarantee given to customer.

Notes forming part of the Financial Statements

d. Loan receivables

Loan receivables (unsecured) consist of the following:

(USD)

Loan receivables - Current

Considered good

Loans and advances to employees

As at March 31, 2020	As at March 31, 2019
9,000	13,268
9,000	13,268

e. Other financial assets - Current

Other financial assets consist of the following:

(USD)

Other financial assets - Current

Considered good

Security deposits

Interest receivable

Advance - seed money for self funded insurance

Deposits paid - insurance

As at March 31, 2020	As at March 31, 2019
10,272	10,273
5,605	14,176
23,250	-
1,193	-
40,320	24,449

f. Trade payables

Trade payables consist of the following:

(USD)

Trade payables

Accrued expenses

As at March 31, 2020	As at March 31, 2019
1,605,927	2,202,822
337,200	510,614
1,943,127	2,713,436

Above balances of trade payables include balances with related parties. (Refer Note 19)

g. Other financial liabilities

Other financial liabilities consist of following:

(USD)

Other financial liabilities - Current

Accrued payroll

As at March 31, 2020	As at March 31, 2019
109,337	194,519
109,337	194,519

Notes forming part of the Financial Statements

h. Financial instruments by category

The carrying value of financial instruments by categories as at March 31, 2020 is as follows:

(USD)

	Amortised cost	Total carrying value
Financial assets:		
Cash and cash equivalents	1,655,320	1,655,320
Earmarked balances with banks	904,115	904,115
Trade receivables	4,059,327	4,059,327
Loans receivables	9,000	9,000
Other financial assets	40,320	40,320
Total	6,668,082	6,668,082
Financial liabilities:		
Trade payables	1,943,127	1,943,127
Other financial liabilities	109,337	109,337
Total	2,052,464	2,052,464

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

(USD)

	Amortised cost	Total carrying value
Financial assets:		
Cash and cash equivalents	8,553,569	8,553,569
Earmarked balances with bank	875,000	875,000
Trade receivables	4,672,735	4,672,735
Loans receivables	13,268	13,268
Other financial assets	24,449	24,449
Total	14,139,021	14,139,021
Financial liabilities:		
Trade payables	2,713,436	2,713,436
Other financial liabilities	194,519	194,519
Total	2,907,955	2,907,955

Carrying amounts of cash and cash equivalents, trade receivables, loans receivables and trade payables as at March 31, 2020 and March 31, 2019 approximate the fair value. Difference between carrying amounts and fair values of earmarked balances with banks, other financial assets and other financial liabilities subsequently measured at amortized cost is not significant in each of the periods presented.

i. Financial risk management

The Company is exposed primarily to 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.

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, credit, interest rates, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Notes forming part of the Financial Statements

- **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.

The Company does not have any exposure to foreign currency assets and liabilities as of March 31, 2020 and March 31, 2019.

- **Interest rate risk**

The Company is not exposed to interest rate risk as the Company has no investment or bank deposit.

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 Instrument that are subject to concentrations of credit risk principally consist of trade receivable, cash and cash equivalents and other financial assets. None of the other financial instruments of the Company results 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 USD 6,668,082 and USD 14,139,021 as of March 31, 2020 and March 31, 2019 respectively being the total of the carrying amount of cash and cash equivalents, trade receivables, loans receivables and other financial assets. Cash and cash equivalents are held with banks with high credit ratings. As of March 31, 2020, there were no indications that any defaults will occur on trade receivables, loans receivables or other financial assets.

Customers aggregating to more than 10 % of outstanding accounts receivable as of March 31, 2020 and March 31, 2019 respectively are as follows:

	As at March 31,2020		As at March 31,2019	
	Total trade receivables	%	Total trade receivables	%
Customer E	1,471,770	36%	1,177,513	25%
Customer C	1,379,033	34%	979,707	21%
Customer G	821,458	20%	-	0%
Customer H	386,786	10%	-	0%
Customer D and A	-	0%	1,224,427	26%
Customer F	-	0%	511,788	11%

Note: Customers aggregating less than 10 % of outstanding accounts receivable as of March 31, 2020 and March 31, 2019 respectively are not disclosed.

The Company's cash and cash equivalents are held in the United States of America.

Notes forming part of the Financial Statements

- Geographic Concentration of credit risk:**

Geographic concentration of trade receivables are as follows:

(USD)

	As at March 31, 2020		As at March 31, 2019	
	Total trade receivables	Percentage	Total trade receivables	Percentage
Americas	4,011,077	98.81%	4,533,838	97.03%
Others	48,250	1.19%	138,897	2.97%
Total	4,059,327		4,672,735	

Geographic concentration of trade receivables is allocated based on the location of the customers.

The allowance for lifetime expected credit loss on trade receivables for the years ended March 31, 2020 and 2019 was USD 30 and USD 6597, respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

(USD)

	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	6,597	24,235
Charge during the year	30	6,597
Bad debt written off	-	-
Provision written back	(6,597)	(24,235)
Translation exchange difference	-	-
Balance at the end of the year	30	6,597

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, 2020	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	1,943,127	-	-	-	1,943,127
Other financial liabilities	109,337	-	-	-	109,337
Total	2,052,464	-	-	-	2,052,464

(USD)

March 31, 2019	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	2,713,436	-	-	-	2,713,436
Other financial liabilities	194,519	-	-	-	194,519
Total	2,907,955	-	-	-	2,907,955

Notes forming part of the Financial Statements

Other risk- Impact of COVID-19

Financial assets of USD 2,559,435 carried at amortized cost is in the form of cash and cash equivalents and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of USD 4,059,327 forms a significant part of the financial assets carried at amortized cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to customers in Travel, Transportation and Hospitality and Manufacturing verticals which could have an immediate impact and the rest which could have an impact with a lag. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables and contract assets while arriving at the level of provision that is required. Basis this assessment, there is NIL allowance for doubtful trade receivables.

j. Equity Instruments

The authorized, issued, subscribed and fully paid-up share capital comprises of the following:

(In USD, except shares data)

Authorised :

200,000,000 equity shares of USD 0.01 each
(March 31,2019 : 200,000,000 equity shares of USD 0.01 each)

Issued, subscribed and fully paid up:

160,001,000 equity shares of USD 0.01 each
(March 31,2019 : 160,001,000 equity shares of USD 0.01 each)

As at March 31, 2020	As at March 31, 2019
2,000,000	2,000,000
2,000,000	2,000,000
1,600,010	1,600,010
1,600,010	1,600,010

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

i. Reconciliation of number of shares:

(In USD, except shares data)

Equity shares

Opening balance
Changes during the year

Closing balance

As at March 31, 2020		As at March 31, 2019	
Number of shares	Amount	Number of shares	Amount
160,001,000	1,600,010	160,001,000	1,600,010
-	-	-	-
160,001,000	1,600,010	160,001,000	1,600,010

Notes forming part of the Financial Statements

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 and carry a right to 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. Shares held by Holding Company, its Subsidiaries and Associates

Equity shares

Equity Shares Holding Company

160,001,000 equity shares (March 31, 2019 160,001,000 equity shares) are held by Tata Consultancy Services Limited.

(USD)	
As at March 31, 2020	As at March 31, 2019
1,600,010	1,600,010

iv. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Equity shares

Tata Consultancy Services Limited (Holding company)
% of shareholding

As at March 31, 2020	As at March 31, 2019
160,001,000	160,001,000
100%	100%

7. Non-financial assets and non-financial liabilities

a. Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation and impairment loss, if any.

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 Lives
Computer equipment	3 years
Furniture and fixture	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.

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 recognized in the statement of profit and loss.

Notes forming part of the Financial Statements

Property, plant and equipment consist of the following:

	(USD)
Computer equipment	Total
Cost as at April 1, 2019	20,478
Additions	-
Disposals	-
Cost as at March 31, 2020	20,478
Accumulated depreciation as at April 1, 2019	(20,478)
Depreciation for the year	-
Disposals	-
Accumulated depreciation as at March 31, 2020	(20,478)
Net Carrying amount as at March 31, 2020	-

	(USD)
Computer equipment	Total
Cost as at April 1, 2018	20,478
Additions	-
Disposals	-
Cost as at March 31, 2019	20,478
Accumulated depreciation as at April 1, 2018	(20,478)
Depreciation for the year	-
Disposals	-
Accumulated depreciation as at March 31, 2019	(20,478)
Net Carrying amount as at March 31, 2019	-

b. Other assets

Other assets consist of the following:

	(USD)
Other assets - current	
As at March 31, 2020	As at March 31, 2019
Considered good	
Prepaid expenses	29,420
Advance to suppliers	92,410
Recoverable expenses	1,818
139,770	123,648

Notes forming part of the Financial Statements

c. Other liabilities

Other liabilities consist of the following:

Other current liabilities

Indirect tax payable and other statutory liabilities
Advance received from customers
Others

	(USD)
As at March 31, 2020	As at March 31, 2019
18,241	42,927
2,329	135
1,053	170
21,623	43,232

8. Other equity

Other equity consist of the following:

General reserve

- (i) Opening balance
- (ii) Less : appropriations during the period
- (iii) Closing balance

Retained earnings

- (i) Opening balance
- (ii) Profit for the year

(iii) Less : appropriations

- (a) Dividend on equity shares
- (b) Tax on dividend

(iv) Closing balance

	(USD)
As at March 31, 2020	As at March 31, 2019
504,471	504,471
-	-
504,471	504,471
8,957,432	8,748,462
5,079,882	4,408,970
14,037,314	13,157,432
(9,350,000)	(3,570,000)
(1,650,000)	(630,000)
3,037,314	8,957,432
3,541,785	9,461,903

9. Revenue recognition

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the profit or loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer note 2(d) – Significant accounting policies – Revenue recognition in the Annual Financial Statements of the Company for the year ended March 31, 2018 for the revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statement of the Company is insignificant.

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

- Revenue from time and material and job contracts is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Notes forming part of the Financial Statements

- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognized using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognized upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customization services rendered significantly modifies or customizes the software, these services and software are accounted for as a single performance obligation and revenue is recognized over time on a POC method.
- Revenue from the sale of distinct third party hardware is recognized at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract fulfilment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalization. Such costs are amortized over the contractual period or useful life of license whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognized when there is billings in excess of revenues.

The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with Ind AS 37, the Company recognizes an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Revenue disaggregation by nature of services is as follows:

	(USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
Consultancy services	14,968,809	28,713,068
	14,968,809	28,713,068

Revenue disaggregation by industry vertical and geography has been included in segment information (Refer note 17).

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognize those revenues, the

Notes forming part of the Financial Statements

Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws, etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is USD 12,823,003 out of which 100% is expected to be recognized as revenue within the next year. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets are as follows:

(USD)

Balance at the beginning of the year *

Invoices raised during the year

Balance at the end of the year

Year ended March 31, 2020	Year ended March 31, 2019
-	56,404
-	(56,404)
-	-

Changes in unearned and deferred revenue are as follows:

(USD)

Balance at the beginning of the year

Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year

Increase due to invoicing during the year, excluding amounts recognised as revenue during the year

Balance at the end of the year

Year ended March 31, 2020	Year ended March 31, 2019
310,599	44,652
(310,599)	(44,652)
458,434	310,599
458,434	310,599

Reconciliation of revenue recognized with the contracted price is as follows:

(USD)

Contracted price

Reductions towards variable consideration components *

Revenue recognised

Year ended March 31, 2020	Year ended March 31, 2019
14,968,809	28,713,068
-	-
14,968,809	28,713,068

* The reduction towards variable consideration comprises of volume discounts, services level credits, etc.

Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from:

- the inability of our customers to continue their businesses due to financial resource constraints or their services no longer being availed by their customers
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers not in a position to accept alternate delivery modes using Secured Borderless Work Spaces
- customers postponing their discretionary spend due to change in priorities

Notes forming part of the Financial Statements

The Company has assessed that customers in Travel, Transportation and Hospitality vertical is more prone to immediate impact due to disruption in supply chain and drop in demand. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meeting its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognized on percentage-completion-basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realizable values.

10. Other income

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

Other income consist of the following:

	(USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest income	20,620	9,450
Other Income *	-	28,589
	20,620	38,039
Interest income comprises:		
Interest on bank deposits	20,620	9,450

* Other Income includes USD 28,561 on dissolution of the Company's subsidiary CMC e-Biz Inc.

11. Employee benefits

a. 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 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. 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 73,053 and USD 98,841 for the years ended March 31, 2020 and March 31, 2019 respectively.

b. 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 recognized as undiscounted liability at the balance sheet date.

c. Short-term employee benefits

Employee benefit expenses consist of the following:

	(USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, incentives and allowances	5,483,654	8,719,166
Contributions to employee benefit funds	326,450	458,991
Staff welfare expenses	272,766	535,710
	6,082,870	9,713,867

Notes forming part of the Financial Statements

Employee benefit obligation current consist of following:

(USD)

Employee benefit obligations – current

Compensated absences

Year ended March 31, 2020	Year ended March 31, 2019
2,293	28,172
2,293	28,172

12. Cost recognition

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

The costs of the Company are broadly categorized in employee benefit expenses, finance cost and other expenses. Employee benefit expenses include salaries, incentives and allowances, contributions to provident and other funds and staff welfare expenses. Other expenses mainly include fees to external consultants, facility expenses, travel expenses, sub-contracting cost, communication expenses, allowances for doubtful trade receivables and advances (net), 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.

Other expenses consist of the following:

(USD)

Sub-contracting cost
Fees to external consultants
Facility expenses
Travel expenses
Communication expenses
Bad debts and advances written (back) / off, allowances for trade receivables and advances (net)
Other expenses

Year ended March 31, 2020	Year ended March 31, 2019
611,235	8,564,351
1,894,283	2,385,454
52,140	7,902
105,785	291,702
21,504	28,098
(6,567)	(17,638)
106,304	1,357,612
2,784,684	12,617,481

13. Finance costs

Finance costs consist of the following:

(USD)

Interest and penalty

Year ended March 31, 2020	Year ended March 31, 2019
257,172	1,979
257,172	1,979

14. 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 recognized in statement of profit and 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.

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.

Notes forming part of the Financial Statements

Deferred income taxes

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amounts, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of the unused tax credits and unused tax losses can be utilized.

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets 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.

The income tax expense consists of the following:

(USD)

Current tax

Current tax expense for current year

Current tax benefit pertaining to prior years

Deferred tax

Deferred tax expense for current year

Total income tax expense recognised in current year

Year ended March 31, 2020	Year ended March 31, 2019
2,037,420	2,002,545
(1,272,825)	-
764,595	2,002,545
20,226	6,265
20,226	6,265
784,821	2,008,810

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

(USD)

Profit before taxes

Statutory income tax rate

Expected income tax expense

Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:

Tax pertaining to prior years

Tax on income at different rates

Others (net)

Total income tax expense

Year ended March 31, 2020	Year ended March 31, 2019
5,864,703	6,417,780
21.00%	21.00%
1,231,588	1,347,734
(1,272,825)	-
771,592	659,908
54,466	1,168
784,821	2,008,810

Notes forming part of the Financial Statements

Significant components of net deferred tax assets for the year ended March 31, 2020 are as follows:

(USD)

Deferred tax assets / (liabilities) in relation to	Opening balance	Recognised in Statement of profit or loss	Recongnised in/reclassified from comprehensive income	Closing balance
Employee benefits	5,873	(5,215)	-	658
Allowances for receivables, loans and advances	1,862	(1,853)	-	9
Prepaid insurance	-	(13,158)	-	(13,158)
	<u>7,735</u>	<u>(20,226)</u>	<u>-</u>	<u>(12,491)</u>

Gross deferred tax assets and liabilities are as follows:

(USD)

	Assets	Liabilities	Net
As at March 31, 2020			
Employee benefits	-	(658)	658
Allowances for receivables, loans and advances	-	(9)	9
Prepaid insurance	-	13,158	(13,158)
	<u>-</u>	<u>12,491</u>	<u>(12,491)</u>

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(USD)

Deferred tax assets (net)	Opening balance	Recognised in statement of profit and loss	Recongnised in/ reclassified from comprehensive income	Closing balance
Employee benefits	14,000	(8,127)	-	5,873
Allowances for receivables, loans and advances	-	1,862	-	1,862
	<u>14,000</u>	<u>(6,265)</u>	<u>-</u>	<u>7,735</u>

Gross deferred tax assets and liabilities are as follows:

(USD)

	Assets	Liabilities	Net
As at March 31, 2019			
Employee benefits	5,873	-	5,873
Allowances for receivables, loans and advances	1,862	-	1,862
	<u>7,735</u>	<u>-</u>	<u>7,735</u>

15. 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 year. The Company did not have any potentially dilutive securities in any of the years presented.

Notes forming part of the Financial Statements

(In USD, except shares data)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year	5,079,882	4,408,970
Weighted average number of equity shares	160,001,000	160,001,000
Earning per share basic and diluted	0.03	0.03
Face value per equity share	0.01	0.01

16. Auditors' Remuneration

(USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Services as auditors'	10,111	10,504
Reimbursement of out of pocket expenses	556	437
	10,667	10,941

17. 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, 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 vertical') as reportable segments. The business segments comprise: 1) S-Governance, 2) Travel, Transportation and Hospitality and 3) Others – Manufacturing, Retail and Consumer business, Communication, Media and Technology, Banking, Financial Services and Insurance, Life Sciences and Healthcare, Energy Resources and Utilities and Products.

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 or manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

The assets and liabilities of the company are used interchangeably amongst segments. Allocation of such assets and liabilities is not practicable and any forced allocation would not result in any meaningful segregation. Hence, assets and liabilities have not been identified to any of the reportable segments.

Summarized segment information for the year ended March 31, 2020 is as follows:

Year Ended March 31, 2020

(USD)

	S-Governance	Travel Transportation and Hospitality	Others	Total
Revenue	4,756,225	9,731,539	481,045	14,968,809
Segment result	1,345,784	5,059,878	(304,407)	6,101,255
Total Unallocable expenses	-	-	-	-
Operating profit	-	-	-	6,101,255
Finance cost	-	-	-	(257,172)
Other income (net)	-	-	-	20,620
Profit before taxes	-	-	-	5,864,703
Income tax expenses	-	-	-	784,821
Profit for the year	-	-	-	5,079,882

Notes forming part of the Financial Statements

Summarized segment information for the year ended March 31, 2019 is as follows:

Year Ended March 31, 2019

(USD)

	Manufacturing	Retail and Consumer Business	Communication, Media and Technology	S-Governance	Others	Total
Revenue	12,425,338	9,222,970	2,521,684	4,543,076	-	28,713,068
Segment result	943,292	4,161,416	438,904	1,662,584	-	7,206,196
Total Unallocable expenses	-	-	-	-	-	824,476
Operating profit	-	-	-	-	-	6,381,720
Other income (net)	-	-	-	-	-	36,060
Profit before taxes	-	-	-	-	-	6,417,780
Income tax expenses	-	-	-	-	-	2,008,810
Profit for the year	-	-	-	-	-	4,408,970

Geographical revenue is allocated based on the location of the customers.

Information regarding geographical revenue is as follows:

(USD)

Geography

Americas

Year ended March 31, 2020	Year ended March 31, 2019
14,968,809	28,713,068
14,968,809	28,713,068

Geographical non-current assets (property, plant and equipment, income tax assets and other non-current assets) are allocated based on the location of the assets.

(USD)

Geography

Americas

Total

Year ended March 31, 2020	Year ended March 31, 2019
-	1,486,285
-	1,486,285

Information about major customers

The following table sets forth information relating to customer representing 10% or more of the Company's total revenue for the year ended March 31, 2020 and 2019:

	As at March 31, 2020		As at March 31, 2019	
	Total revenue	%	Total revenue	%
Customer E	9,730,164	65%	8,730,231	30%
Customer G	4,756,224	32%	4,543,075	16%
Customer D and A	-	-	12,413,710	43%

18. Contingent liabilities and commitments

The contingent liabilities and commitments as at March 31, 2020 and March 31, 2019 are Nil.

19. Related party transactions

The Company's principal related parties consist of its holding company Tata Consultancy Services Limited and its subsidiaries. The ultimate holding company of CMC America Inc. is Tata Sons Private Limited. The Company's material

Notes forming part of the Financial Statements

related party transactions and outstanding balance are with related parties with whom the Company routinely enters into transactions in the ordinary course of business.

Transactions with related parties as follows:

(USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Purchases of goods and services (including reimbursements)		
Tata Consultancy Services Limited	611,235	9,827,963
Subsidiaries of Tata Consultancy Services Limited		
Tata America International Corp.	2,211	-
Other Expenses		
Tata Sons Private Limited, its subsidiaries and associates		
Titan Company Limited	246	-
Tata Consultancy Services Limited	3,713,074	5,460,913
Dividend paid		
Tata Consultancy Services Limited	11,000,000	4,200,000

Balances payable to / receivable from related parties are as follows:

(USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Trade receivables and unbilled receivables and contract assets		
Tata Consultancy Services Limited	1,379,033	979,707
Subsidiaries of Tata Consultancy Services Limited		
Tata America International Corp.	386,786	386,786
TCS e-Serve America Inc.	250	250
Other Receivables		
Tata Consultancy Services Limited	12,532	-
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities		
Tata Sons Private Limited, its subsidiaries and associates		
Titan Company Limited	246	-
Tata Consultancy Services Limited	1,389,136	1,507,622
Subsidiaries of Tata Consultancy Services Limited		
Tata America International Corp.	2,211	197,449

Notes forming part of the Financial Statements

20. Subsequent events

CMC Americas, Inc. has evaluated subsequent events from the balance sheet date through May 20, 2020 the date on which the financials were available for issue and determined that there is no material event to be disclosed.

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm's registration no.: 101248W/W-100022

For and on behalf of the Board

Rajesh Mehra

Partner

Membership number: 103145

Surya Kant

Director

Latesh Sewani

Director

Place: Mumbai

Date: May 20, 2020

Place: NJ, USA

Place: NJ, USA

TATA AMERICA INTERNATIONAL CORPORATION

(Company Registration Number: 13-2805758)

FINANCIAL STATEMENTS

**For the year ended
March 31, 2020**

FINANCIAL STATEMENTS OF TATA AMERICA INTERNATIONAL CORPORATION

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS

TATA AMERICA INTERNATIONAL CORPORATION

We have audited the accompanying financial statements of Tata America International Corporation ("the Company"), which comprise the statement of financial position as of March 31, 2020 and 2019, and the related statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Tata America International Corporation as of March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Mumbai, India
Date: May 20, 2020

For KPMG
Chartered Accountants

Statement of Financial Position

(in millions of USD)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	8	24.26	3.79
Investments	9(a)	-	10.00
Trade receivables	10	211.42	277.22
Unbilled receivables		1.67	1.70
Other financial assets	11(a)	10.07	33.57
Income tax assets (net)		0.52	202.82
Other assets	16(b)	5.96	9.92
Total current assets		253.90	539.02
Non-current assets			
Investments	9(b)	4.58	7.50
Other financial assets	11(b)	1.46	0.81
Deferred tax assets (net)		10.83	10.61
Property, plant and equipment	16(a)	33.30	25.66
Right-of-use Assets	15	87.26	-
Other assets	16(b)	-	0.15
Total non-current assets		137.43	44.73
TOTAL ASSETS		391.33	583.75
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables		22.43	102.77
Other financial liabilities	12	46.69	78.13
Unearned and deferred revenue		1.98	0.62
Employee benefit obligations	21(a)	13.07	12.19
Provisions		0.12	0.22
Lease Liabilities	15	13.10	-
Other liabilities	16(c)	3.70	30.35
Total current liabilities		101.09	224.28
Non-current liabilities			
Employee benefit obligations	21(b)	0.06	0.07
Lease Liabilities	15	85.44	-
Other liabilities	16(c)	-	5.37
Total non-current liabilities		85.50	5.44
TOTAL LIABILITIES		186.59	229.72
Equity			
Share capital	14	0.20	0.20
Share premium		1.26	1.26
Retained earnings		203.28	352.57
TOTAL EQUITY		204.74	354.03
TOTAL LIABILITIES AND EQUITY		391.33	583.75

See accompanying notes to financial statements

Statement of Profit or Loss and Other Comprehensive Income

(in millions of USD)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue	17	37.59	33.08
Commission - agency services	17	456.21	505.70
TOTAL REVENUE		493.80	538.78
Expenses			
Employee benefits expenses	21	226.70	245.14
Depreciation expense	16(a) & 15	20.84	5.75
Other expenses	18	114.40	199.05
TOTAL EXPENSES		361.94	449.94
OPERATING PROFIT		131.86	88.84
Other income / (expense)			
Finance and other income	19(a)	19.52	24.50
Finance costs (net)	19(b)	(5.52)	0.01
Other (losses) / gains (net)	19(c)	0.32	(0.06)
OTHER INCOME / (EXPENSE) (NET)		14.32	24.45
PROFIT BEFORE TAXES		146.18	113.29
Income tax expense	20	41.70	(156.30)
PROFIT FOR THE YEAR		104.48	269.59
OTHER COMPREHENSIVE INCOME(OCI)			
Items that will not be reclassified subsequently to profit or loss			
Net change in fair value of investments in equity shares carried at fair value through OCI		(2.92)	-
TOTAL OTHER COMPREHENSIVE (LOSSES) / INCOME		(2.92)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		101.56	269.59

See accompanying notes to financial statements

Statement 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 AT APRIL 1, 2018	20,000	0.20	1.26	482.98	484.44
Profit for the year	-	-	-	269.59	269.59
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	-	-	-	269.59	269.59
Dividend (including tax on dividend of USD 60.00 million)	-	-	-	(400.00)	(400.00)
BALANCE AS AT MARCH 31, 2019	20,000	0.20	1.26	352.57	354.03
BALANCE AS AT APRIL 1, 2019	20,000	0.20	1.26	352.57	354.03
Transition impact of IFRS 16	-	-	-	(0.85)	(0.85)
RESTATE BALANCE AS AT APRIL 1, 2019	20,000	0.20	1.26	351.72	353.18
Profit for the year	-	-	-	104.48	104.48
Other comprehensive income	-	-	-	(2.92)	(2.92)
TOTAL COMPREHENSIVE INCOME	-	-	-	101.56	101.56
Dividend (including tax on dividend of USD 37.50 million)	-	-	-	(250.00)	(250.00)
BALANCE AS AT MARCH 31, 2020	20,000	0.20	1.26	203.28	204.74

See accompanying notes to financial statements

Statement of Cash Flows

(in millions of USD)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit for the year

Adjustment to reconcile profit or loss to net cash generated from operating activities:

Depreciation expense

Income tax expense

Bad debts and advances written (back)off, allowances for doubtful trade receivables and advances (net)

Unpaid Interest on Lease Liability

Operating profit before working capital changes

Net change in:

Trade receivables

Unbilled receivables

Other financial assets

Other assets

Trade payables and provisions

Unearned and deferred revenue

Other financial liabilities

Other liabilities

Cash generated from operations

Taxes paid (net of refunds)

Net cash provided by operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Payment for purchase of investments

Proceeds from disposal / redemption of investments

Payment for purchase of property, plant and equipment

Net cash generated from / (used in) investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of lease liability

Sub Lease Rent received

Dividend paid (including tax on dividend)

Net cash used in financing activities

NET CHANGE IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

SUPPLEMENTARY CASH FLOW INFORMATION

Interest paid

Year ended March 31, 2020	Year ended March 31, 2019
104.48	269.59
20.84	5.75
41.70	(156.30)
(1.95)	0.91
0.10	-
165.17	119.95
67.80	937.48
0.03	379.72
22.85	47.51
4.11	20.61
(80.45)	(936.09)
1.36	(61.51)
(32.76)	(63.42)
(25.19)	(3.67)
122.92	440.58
156.68	(36.79)
279.60	403.79
(75.00)	(465.00)
86.62	455.00
(8.76)	(5.56)
2.86	(15.56)
(12.33)	-
0.34	-
(250.00)	(400.00)
(261.99)	(400.00)
20.47	(11.77)
3.79	15.56
24.26	3.79
5.52	0.06

See accompanying notes forming part of the financial statements

Notes to Financial Statements

1. Corporate information

Tata America International Corporation ("the Company") generally enters into contracts with customers for provision of consulting-led integrated portfolio of information technology (IT) and IT-enabled services and sub-contracts the execution of such work to its parent company Tata Consultancy Services Limited [TCS], an Indian Corporation. The Company's functions included sales, pre-sales and marketing activities, market research, identifying and pursuing customers, etc.

Effective 1st April 2018, the Company entered into a sales and marketing service agreement with TCS, wherein the Company has been appointed as non-exclusive sales and marketing service provider to market the services in the US and customers would contract with TCS.

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. As at March 31, 2020, Tata Consultancy Services Ltd owned 100 percent of the Company's equity share capital.

The financial statements were approved by the Board of Directors and authorized for issue on May 19, 2020.

2. 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).

3. Basis of preparation

The financial statements have been prepared on historical cost basis except for certain financial instruments and defined benefit plan which are measured at fair value or amortized cost 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. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realization in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method. The Company classifies interest paid and interest and dividend received as cash flow from operating activities.

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 retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognized in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

4. 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 judgements 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 recognized in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

a. Revenue Recognition

Where the Company acts as the primary obligor of the services to be provided to the end client, revenue is recognized as below:

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance

Notes to Financial Statements

obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. The Company has applied the practical expedient, whereby the Company does not adjust the transaction price for the effects of the time value of money where the period between when the control on goods and services transferred to the customer and when payment thereof is due, is one year or less. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts are recognized using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b. 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.

c. 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

d. Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances is exercised while determining the provision for income tax. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

e. Provision and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to

Notes to Financial Statements

settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

f. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5. Nature and purpose of reserves

Share premium

Share premium is used to record the premium on issue of shares.

6. Recent accounting standards

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS Standards	References to Conceptual Framework ¹
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IAS 1	Classification of Liabilities ²

1 Effective for annual periods beginning on or after January 1, 2020.

2 Effective for annual periods beginning on or after January 1, 2022.

IFRS Standards – References to Conceptual Framework

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Amendments primarily either update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or

indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised Framework, with effect from January 1, 2020. The Company does not expect that the amendment to have any impact on its financial statements.

IAS 1 and IAS 8 – Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

- **Obscuring:** The existing definition only focused on omitting or misstating information, however, IASB concluded that obscuring material information with information that can be omitted can have a similar effect.
- **Could reasonably be expected to influence:** The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.

Notes to Financial Statements

- Primary users: The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Company does not expect that the amendment to have any impact on its evaluation of 'material' in relation to its financial statements.

IAS 1 – Classification of Liabilities

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

7. Financial assets, financial liabilities and equity 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.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Cash and cash equivalents

Tata America International Corporation 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 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 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.

Notes to Financial Statements

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 of direct issue cost.

Impairment of financial assets (other than at fair value)

The Company assesses at each date of statement 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. 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 allowance 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.

8. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(in millions of USD)	
	As at March 31, 2020	As at March 31, 2019
Cash at banks	24.26	3.79
Total	24.26	3.79

9. Investments

Investments consist of the following:

(a) Investments – Current

	(in millions of USD)	
	As at March 31, 2020	As at March 31, 2019
Investments carried at fair value through profit or loss Mutual fund units	-	10.00
Total	-	10.00

(b) Investments – Non - Current

	(in millions of USD)	
	As at March 31, 2020	As at March 31, 2019
Investments designated at fair value through OCI (FVT OCI)		
Equity shares	17.50	17.50
Less : Permanent impairment FVTOCI Investments	(12.92)	(10.00)
Total	4.58	7.50

Notes to Financial Statements

The Company impaired its investment of USD 10 million in Mozido LLC, in FY 2017-18 as it was continuously incurring operating losses and there was no visibility available on its revival / growth plans.

The Company impaired USD 2.92 million in current year out of its total USD 7.5Mn investment in FCM, LLC, based on the losses incurred till date and visibility on its earning capability in future years.

10. Trade receivables

Trade receivables consist of the following:

Trade receivables-Current

(in millions of USD)

	As at March 31, 2020	As at March 31, 2019
Trade receivables	229.90	297.70
Less: Allowance for doubtful trade receivables	(18.48)	(20.48)
Total	211.42	277.22

Trade receivables include balances with related parties (Refer note 23).

11. Other financial assets

Other financial assets consist of the following:

(a) Other financial assets - Current

(in millions of USD)

	As at March 31, 2020	As at March 31, 2019
Interest receivable	-	21.80
Employee loans and advances	0.23	0.30
Volume discount receivable*	9.43	10.13
Others	0.41	1.34
Total	10.07	33.57

* Volume discount receivable include balances with related parties (Refer note 23)

(b) Other financial assets – Non-current

(in millions of USD)

	As at March 31, 2020	As at March 31, 2019
Security deposits	0.58	0.61
Others	0.88	0.20
Total	1.46	0.81

Notes to Financial Statements

12. Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities – Current

(in millions of USD)

	As at March 31, 2020	As at March 31, 2019
Capital creditors	2.63	1.31
Liabilities towards customer contracts	9.45	11.10
Accrued payroll	32.50	41.22
Security deposits	0.03	0.11
Liability towards related party *	2.08	24.39
Total	46.69	78.13

* Liability towards related party is due to assignment agreement where customer paid the money to the Company instead of TCS on account of which the Company is now liable to pay TCS the said amount.

13. Financial instruments by category

The carrying value of financial instruments by categories as at March 31, 2020 is as follows:

(in millions of USD)

	Fair value through Profit or Loss	Fair value through Other Comprehensive Income	Amortised cost	Total carrying value
Financial assets				
Cash and cash equivalents	-	-	24.26	24.26
Trade receivables	-	-	211.42	211.42
Investments	-	4.58	-	4.58
Unbilled receivable	-	-	1.67	1.67
Other financial assets	-	-	11.53	11.53
Total	-	4.58	248.88	253.46
Financial liabilities				
Trade payables	-	-	22.43	22.43
Lease Liabilities	-	-	98.54	98.54
Other financial liabilities	-	-	46.69	46.69
Total	-	-	167.66	167.66

Notes to Financial Statements

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

(in millions of USD)

	Fair value through Profit or Loss	Fair value through Other Comprehensive Income	Amortised cost	Total carrying value
Financial assets				
Cash and cash equivalents	-	-	3.79	3.79
Trade receivables	-	-	277.22	277.22
Investments	10.00	7.50	-	17.50
Unbilled revenues	-	-	1.70	1.70
Other financial assets	-	-	34.38	34.38
Total	<u>10.00</u>	<u>7.50</u>	<u>317.09</u>	<u>334.59</u>
Financial liabilities				
Trade payables	-	-	102.77	102.77
Other financial liabilities	-	-	78.13	78.13
Total	<u>-</u>	<u>-</u>	<u>180.90</u>	<u>180.90</u>

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at March 31, 2020 and 2019 approximate the fair value. Difference between carrying amounts and fair values of other financial assets and other financial liabilities subsequently measured at amortized cost is not significant in each of the years presented. Fair value measurement of Lease liabilities is not required.

Fair value hierarchy

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

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 in 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 cost of unquoted investments included in level 3 of fair value hierarchy approximate their 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 summarizes financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

(in millions of USD)

	Level 1	Level 2	Level 3	Total
As at March 31, 2020				
Financial assets				
Equity Shares	-	-	4.58	4.58
Total	<u>-</u>	<u>-</u>	<u>4.58</u>	<u>4.58</u>
As at March 31, 2019				
Financial assets				
Mutual fund units	10.00	-	-	10.00
Equity Shares	-	-	7.50	7.50
Total	<u>10.00</u>	<u>-</u>	<u>7.50</u>	<u>17.50</u>

Notes to Financial Statements

Reconciliation of level 3 fair value measurement is as follows:

	(in millions of USD)	
	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	7.50	7.50
Disposals during the year	-	-
Impairment in value of investments	(2.92)	-
Balance at the end of the year	4.58	7.50

(a) Financial risk management

Tata America International Corporation is exposed primarily to fluctuations in foreign currency exchange rates, 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.

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 entity.

Considering the economic environment of the country in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in the country. The risks primarily relate to fluctuations in Euro against USD.

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 percent against the respective functional currency of Tata America International Corporation.

The following analysis has been worked out based on the net exposures for Tata America International Corporation as at the date of statement of financial position which could affect the statement of profit or loss and other comprehensive income and equity.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2020:

	(in millions of USD)	
	EUR	Others*
Net financial assets	4.93	1.06
Net financial liabilities	0.03	0.09

10 percent appreciation / depreciation of the respective foreign currencies with respect to USD would result in decrease / increase in the Company's profit before taxes by approximately USD 0.59 million for the year ended March 31, 2020.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2019:

	(in millions of USD)	
	EUR	Others*
Net financial assets	5.21	1.26
Net financial liabilities	1.56	1.00

Notes to Financial Statements

10 percent appreciation / depreciation of the respective foreign currencies with respect to USD would result in decrease /increase in the Company's profit before taxes by approximately USD 0.38 million for the year ended March 31, 2019.

* Others include currencies such as Australian Dollar, Canadian Dollar, Chinese Renminbi, Japanese Yen, New Zealand Dollar, Great Britain Pound, Swiss Franc, etc.

i. (b) Interest rate risk

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 receivable, investments, cash and cash equivalents, bank deposits and other financial assets. 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 and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was USD 253.47 million and USD 334.62 million as at March 31, 2020 and 2019, respectively, being the total of the carrying amount of balances with banks, trade receivables, unbilled receivables (Previous year: Unbilled revenues), contract assets, other financial assets and investments.

Customers contributing to more than 10 percent of outstanding trade receivable, unbilled receivable (Previous year: Unbilled revenues) and contract assets as at March 31, 2020 and 2019 respectively are as follows:

(in millions of USD)

	As at March 31, 2020		As at March 31, 2019	
	Total trade receivable and unbilled receivable	Percentage	Total trade receivable and unbilled revenues	Percentage
Customer A	174.22	81.75%	204.45	73.29%

Geographic concentration of credit risk

Geographic concentration of trade receivables (gross and net of allowances) and unbilled receivable is as follows:

	As at March 31, 2020	As at March 31, 2019
Americas	90.99%	33.93%
India	7.15%	64.91%
Others	1.86%	1.16%

Geographical concentration of trade receivables and unbilled receivable is allocated based on the location of the customers.

The allowances for lifetime expected credit loss reversal on trade receivables for the year ended March 31, 2020 for USD 2 million.

Notes to Financial Statements

The allowances for lifetime expected credit loss on trade receivables was USD 0.91 million for the year ended March 31, 2019.

(in millions of USD)

	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	20.48	19.57
Allowance for doubtful receivables	2.61	3.94
Amounts written back during the year	(4.61)	(3.03)
Balance at the end of the year	18.48	20.48

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 including lease liabilities as and when they fall due.

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 at:

(in millions of USD)

March 31, 2020	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
Non-derivative financial liabilities:					
Trade payables	22.43	-	-	-	22.43
Lease Liability	16.69	16.50	39.91	41.40	114.50
Other financial liabilities	46.69	-	-	-	46.69
Total	85.81	16.50	39.91	41.40	183.62

(in millions of USD)

March 31, 2019	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
Non-derivative financial liabilities:					
Trade payables	102.77	-	-	-	102.77
Other financial liabilities	78.13	-	-	-	78.13
Total	180.90	-	-	-	180.90

Other Risk - Impact of COVID-19

Financial assets carried at fair value as at March 31, 2020 is USD 4.58 million and financial assets carried at amortized cost as at March 31, 2020 is USD 248.88 million. The financial assets carried at fair value by the Company are investments in Level 3 category.

Financial assets of USD 24.26 million carried at amortized cost is in the form of cash and cash equivalents with banks where the Company has assessed the counterparty credit risk. Trade receivables of USD 211.42 million forms a significant part of the financial assets carried at amortized cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19.

Notes to Financial Statements

This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to customers in Retail, Travel, Transportation and Hospitality, Manufacturing and Energy verticals which could have an immediate impact and the rest which could have an impact with a lag. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables and contract assets while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables of USD 18.48 million as at March 31, 2020 is considered adequate.

14. Equity instruments

The authorized, issued, subscribed and fully paid up share capital consist of the following:

		(in millions of USD)
	As at March 31, 2020	As at March 31, 2019
(a) Authorised		
Equity shares of USD 10.00 each (20,000 shares and 20,000 shares)	0.20	0.20
	0.20	0.20
(b) Issued, Subscribed and Fully paid up		
Equity shares of USD 10.00 each (20,000 shares and 20,000 shares)	0.20	0.20
Total	0.20	0.20

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 and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

Fully paid equity shares, which have a par value of USD 10.00 each carry one vote per share and have a right to dividend. Dividend can be declared out of retained earnings. In the event of liquidation of the Company, the holders of shares are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

15. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in profit or loss.

Notes to Financial Statements

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognizes the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Company as a lessor

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 - Revenue to allocate the consideration in the contract.

Transition to IFRS 16

In January 2016, International Accounting Standards Board issued the final version of IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. IFRS 16 has replaced IAS 17 Leases, and its related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted IFRS 16, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Refer note 2(h) – Significant accounting policies – Leases in the financial statements of the Company for the year ended March 31, 2019, for the policy as per IAS 17.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of IFRS 16 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying IFRS 16 to leases previously classified as operating leases under IAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying IAS

Notes to Financial Statements

37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognized a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognized at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of USD 77.21 million and lease liability of USD 86.83 million has been recognized. The cumulative effect on transition in retained earnings net of taxes is USD 0.85 million (including the deferred tax of USD 2.08 million). The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per IAS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 4.26 percent has been applied to lease liabilities recognized in the statement of financial position at the date of initial application.

On application of IFRS 16, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of IFRS 16 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

Company as a lessor

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Company accounted for its leases in accordance with IFRS 16 from the date of initial application. The Company does not have any significant impact on account of sub-lease on the application of this standard.

The details of the right-of-use asset held by the Company is as follows:

(in millions of USD)	
	Net carrying amount as at March 31, 2020
Additions for the year ended March 31, 2020	
Buildings	87.26
Total	87.26

Depreciation on right-of-asset is as follows:

(in millions of USD)	
	Year ended March 31, 2020
Buildings	14.01
Total	14.01

Interest on lease liabilities is USD 3.70 million for the year ended on March 31, 2020.

The Company incurred USD 1.87 million for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is USD 17.80 million for the year ended March 31, 2020, including cash outflow for short-term leases and leases of low-value assets. The Company does not have lease term extension options that are not reflected in the measurement of lease liabilities.

Notes to Financial Statements

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

16. Non-financial assets and liabilities

a Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual values 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	Useful life (in years)
Buildings	20 years
Leasehold improvements	Lease term
Computer equipment	4 years
Furniture and fixtures	5 years
Office equipment	5-10 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. Capital work-in-progress includes capital advances.

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 recognized in profit or loss.

Notes to Financial Statements

Property, plant and equipment consist of the following:

	Freehold land	Buildings	Leasehold improvements	Computer equipments	Plant and machinery	Furniture and fixtures	Office equipments and other assets	Total
Cost as at April 1, 2019	3.31	11.50	16.30	12.45	1.44	11.71	13.32	70.03
Additions	-	0.34	5.38	1.61	0.04	2.81	3.09	13.27
Disposals	-	-	2.65	-	-	1.16	0.59	4.40
Cost as at March 31, 2020	3.31	11.84	19.03	14.06	1.48	13.36	15.82	78.90
Accumulated depreciation as at April 1, 2019	-	5.01	12.42	9.42	0.23	10.11	10.51	47.70
Disposals	-	-	2.65	-	-	1.16	0.59	4.40
Depreciation for the year	-	0.70	2.07	1.63	0.14	1.10	1.20	6.84
Accumulated depreciation as at March 31, 2020	-	5.71	11.84	11.05	0.37	10.05	11.12	50.14
Net carrying amount as at March 31, 2020	3.31	6.13	7.19	3.01	1.11	3.31	4.70	28.76
Capital work-in-progress								4.54
Total								33.30

(in millions of USD)

Notes to Financial Statements

(in millions of USD)

	Freehold land	Buildings	Leasehold improvements	Computer equipments	Plant and machinery	Furniture and fixtures	Office equipments and other assets	Total
Cost as at April 1, 2018	3.31	11.50	16.00	11.06	1.08	11.01	12.25	66.21
Additions	-	-	0.33	1.61	0.36	0.70	1.07	4.07
Disposals	-	-	0.03	0.22	-	-	-	0.25
Cost as at March 31, 2019	3.31	11.50	16.30	12.45	1.44	11.71	13.32	70.03
Accumulated depreciation as at April 1, 2018	-	4.33	10.72	8.03	0.10	9.39	9.63	42.20
Disposals	-	-	0.03	0.22	-	-	-	0.25
Depreciation for the year	-	0.68	1.73	1.61	0.13	0.72	0.88	5.75
Accumulated depreciation as at March 31, 2019	-	5.01	12.42	9.42	0.23	10.11	10.51	47.70
Net carrying amount as at March 31, 2019	3.31	6.49	3.88	3.03	1.21	1.60	2.81	22.33
Capital work-in-progress								3.33
Total								<u>25.66</u>

Notes to Financial Statements

(b) Other assets

Other assets consist of the following:

i. Other assets – Current

(in millions of USD)

	As at March 31, 2020	As at March 31, 2019
Advances to suppliers	0.06	0.02
Indirect tax recoverable	4.79	4.74
Prepaid expenses	0.76	2.65
Prepaid rent	-	0.02
Contract assets	0.01	0.03
Contract fulfillment costs	0.03	-
Others	0.31	2.46
Total	5.96	9.92

ii. Other assets – Non-current

(in millions of USD)

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	-	0.13
Contract fulfillment costs	-	0.02
Total	-	0.15

Contract fulfillment costs of NIL for the year ended March 31, 2020 have been amortized in the profit or loss.

Contract fulfillment costs of USD 1.79 million for the year ended March 31, 2019 have been amortized in the profit or loss. The differential amount has been transferred to group companies on account of novation. Refer note 1.

c. Other liabilities

Other liabilities consist of the following:

i. Other liabilities – Current

(in millions of USD)

	As at March 31, 2020	As at March 31, 2019
Advance received from customers	3.33	27.13
Indirect tax payable and other statutory liabilities	0.07	1.99
Operating lease liabilities	-	1.07
Others	0.30	0.16
Total	3.70	30.35

Notes to Financial Statements

ii. Other liabilities – Non-current

(in millions of USD)

	As at March 31, 2020	As at March 31, 2019
Operating lease liabilities	-	5.37
Total	-	5.37

Operating lease liabilities of USD 5.9 million has been reclassified to retained earnings pursuant to transition to IFRS 16.

17. Revenue recognition

The Company, a wholly owned subsidiary of Tata Consultancy Services Limited, India, primarily operates as a sales and marketing entity for the holding company. The Company is engaged in the business of promoting, marketing and delivery of software services and products, information technology and information technology enabled services, in the US to third parties. The Company also earns some revenue from providing IT services, consulting and business solutions, directly to customers.

Whenever the Company acts in the capacity of a sales and marketing agent it recognizes revenue for the agreed commission based on the commercial arrangement it has entered with the holding company.

Where the Company enters into a contract with a customer to provide IT services directly to the customer, the Company controls the services to be provided to the customer, and has therefore, determined that it is acting in the capacity of a 'principal' for the said transactions. Accordingly, the Company recognizes revenue at the gross amount of consideration. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

The Company's contracts where it acts as a marketing and sales agent, have a single performance obligation which is the promise to transfer the marketing and promotional services. The revenue is recognized over time by utilizing the month as unit of measurement. The Company has applied the practical expedient to recognize revenue for services over the term of the agreement in proportion to the amount it has right to invoice the customer.

Where the Company acts as the primary obligor of the services to be provided to the end client, revenue is recognized as below:

- Revenue from time and material and job contracts is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognized using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognized upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customization services rendered significantly modifies or customizes the software, these services and software are accounted for as a single performance obligation and revenue is recognized over time on a POC method.
- Revenue from the sale of distinct third party hardware is recognized at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Notes to Financial Statements

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract fulfilment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalization. Such costs are amortized over the contractual period or useful life of the license, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognized when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognizes an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals and geography.

Revenue and Commission – agency services disaggregation by nature of services is as follows:

	(in millions of USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
Consultancy Services	37.59	32.84
Sale of equipment and software licences	-	0.24
Commission - agency services	456.21	505.70
	493.80	538.78

Revenue and Commission – agency services disaggregation by industry vertical is as follows:

	(in millions of USD)	
Industry Vertical	Year ended March 31, 2020	Year ended March 31, 2019
Banking, Financial Services and Insurance	4.87	9.68
Manufacturing	28.56	22.89
Energy and Utilities	3.35	2.06
Hi-Tech Industry Practice	0.77	0.39
Others	456.25	503.76
	493.80	538.78

Notes to Financial Statements

Revenue and Commission – agency services disaggregation by geography is as follows:

(in millions of USD)

Geography	Year ended March 31, 2020	Year ended March 31, 2019
America	37.55	32.88
India	456.25	505.70
Others	-	0.20
	493.80	538.78

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is USD 61.45 million out of which 16.21 percent is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract asset are as follows:

(in millions of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	0.03	132.27
Revenue recognised during the year	0.27	(85.17)
Invoices raised during the year	(0.29)	(46.97)
Translation exchange difference	-	(0.10)
Balance at the end of the year	0.01	0.03

Changes in unearned and deferred revenue are as follows:

(in millions of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	0.62	62.13
Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year	(0.43)	(61.29)
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	0.79	(0.18)
Other movement during the year	1.00	(0.04)
Balance at the end of the year	1.98	0.62

Notes to Financial Statements

Impact of COVID-19

The Company's revenue is primarily from commission - agency services charged to its Holding Company, TCS Limited, on a cost plus model. With its Holding Company's financial strength and strong presence in Information Technology (IT) Industry globally, the Company does not foresee any concerns in its operations. All its marketing activities or events are expected to continue as usual except in the event of prolonged lockdown situation continuing, there could be cancellation or postponement of few.

18. 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 employee compensation of personnel engaged in providing services, travel expenses, fees to external consultants, cost of equipment and software licenses, depreciation and amortization of production related equipment and software, facility expenses, communication expenses and other project related expenses.

Selling, general and administrative expenses

Selling costs primarily include employee compensation for sales and marketing personnel, travel expenses, advertising, business promotion expenses, bad debts and advances written off, allowance for doubtful trade receivables and 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 and amortization expenses of non-production equipment and software, facility expenses for administrative offices, communication expenses, fees to external consultants and other general expenses.

Expenses by function

(in millions of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Cost of revenue	33.39	87.24
Selling, general and administrative expenses	328.55	362.70
Total	361.94	449.94

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

The costs of the Company are broadly categorized in employee benefit expenses, depreciation expense and other expenses. Employee benefit expenses include salaries, incentives and allowances, contributions to provident and other funds and staff welfare expenses. Other expenses mainly include sub-contracting cost, facility expenses, travel expenses, communication expenses, bad debts and advances written off, allowance for doubtful trade receivable and advances (net) and other expenses. Other expenses is an aggregation of costs which are individually not material such as fees to external consultants, commission and brokerage, recruitment and training, entertainment, etc.

Refer Note 21 for employee benefit expenses.

Other expenses by nature

(in millions of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Sub-contacting cost	0.05	61.30
Facility expenses	7.59	16.14
Travel expenses	30.63	37.60
Communication expenses	2.36	2.64
Bad debts and advances written (back) off, allowance for doubtful trade receivable and advances (net)	(1.95)	0.91
Other expenses	75.72	80.46
Total	114.40	199.05

Notes to Financial Statements

19. Other income

a. Finance and other income

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

(in millions of USD)

Dividend received
Rental revenue
Interest received
Total

Year ended March 31, 2020	Year ended March 31, 2019
0.28	1.35
12.52	0.82
6.72	22.33
19.52	24.50

Interest received includes interest on income tax refunds.

b. Finance Costs (net)

(in millions of USD)

Interest on bank overdrafts and loans
Interest on loans other than banks
Other interest expense
Interest on lease liabilities
Total

Year ended March 31, 2020	Year ended March 31, 2019
-	(0.07)
0.01	0.01
1.81	0.05
3.70	-
5.52	(0.01)

c. Other (losses) / gains (net)

(in millions of USD)

Net foreign exchange gains
Others
Total

Year ended March 31, 2020	Year ended March 31, 2019
(0.06)	(0.07)
0.38	0.01
0.32	(0.06)

20. Income taxes

Income tax expense comprises current and prior period tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

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 statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where Tata America International Corporation intends and has the right to settle the asset and liability on a net basis.

Notes to Financial Statements

Deferred income taxes

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not as business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

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

Deferred income 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 income tax expense consists of the following:

	(in millions of USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
Current Tax		
Current tax expense for current year	37.28	48.55
Current tax benefit pertaining to prior years	2.56	(200.47)
	39.84	(151.92)
Deferred tax		
Deferred tax expense / (benefit) for current year	1.86	(4.38)
	1.86	(4.38)
Total	41.70	(156.30)

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

	(in millions of USD)	
	Year ended March 31, 2020	Year ended March 31, 2019
Profit before taxes	146.18	113.29
Statutory income tax rate	21.00%	21.00%
Expected income tax expense	30.70	23.80
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax on income at different rates	7.89	7.45
Tax pertaining to prior years	2.56	(200.47)
Others (net)	0.55	12.92
Total income tax expense	41.70	(156.30)

Notes to Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

(in millions of USD)

	Opening balance	Recognised in profit or loss	Closing balance
Deferred tax assets / (liabilities) in relation to			
Property, plant and equipment	1.08	(0.92)	0.16
Provision for employee benefits	3.28	0.32	3.60
Receivables, financial assets at amortised cost	5.45	(0.41)	5.04
Lease Liabilities*	2.37	0.61	2.98
Others	0.51	(1.46)	(0.95)
Total deferred tax asset / (liabilities)	12.69	(1.86)	10.83

*Opening balance of deferred tax on lease liabilities has been restated by USD 2.08 million to give impact of transition to IFRS 16 (Refer note 15).

Gross deferred tax assets and liabilities are as follows:

(in millions of USD)

As at March 31, 2020	Assets	Laibilities	Net
Deferred tax assets / (liabilities) in relation to			
Property, plant and equipment	0.16	-	0.16
Provision for employee benefits	3.60	-	3.60
Receivables, financial assets at amortised cost	5.04	-	5.04
Lease Liabilities*	2.98	-	2.98
Others	-	(0.95)	(0.95)
Total deferred tax asset / (liabilities)	11.79	(0.95)	10.83

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(in millions of USD)

	Opening balance	Recognised in profit or loss	Closing balance
Deferred tax assets / (liabilities) in relation to			
Property, plant and equipment	0.82	0.26	1.08
Provision for employee benefits	4.08	(0.80)	3.28
Receivables, financial assets at amortised cost	5.00	0.45	5.45
Operating lease liabilities	0.38	(0.09)	0.29
Others	(4.05)	4.56	0.51
Total deferred tax asset / (liabilities)	6.22	4.40	10.61

Notes to Financial Statements

Gross deferred tax assets and liabilities are as follows:

(in millions of USD)

As at March 31, 2019

Deferred tax assets / (liabilities) in relation to

Property, plant and equipment
Provision for employee benefits
Receivables, financial assets at amortised cost
Operating lease liabilities
Others

Total deferred tax asset / (liabilities)

Assets	Laibilities	Net
1.08	-	1.08
3.28	-	3.28
5.45	-	5.45
0.29	-	0.29
0.51	-	0.51
10.61	-	10.61

21. Employee benefits

Defined contribution plans

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

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. A liability is recognized for the amount expected to be paid when there is 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.

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 recognized 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 recognized as an actuarially determined liability at the present value of the defined benefit obligation at the date of financial position.

Employee benefit expenses consists of the following:

(in millions of USD)

Salaries, incentives and allowances
Contribution to provident and other funds
Staff welfare expenses
Total

Year ended March 31, 2020	Year ended March 31, 2019
202.02	213.99
17.12	21.64
7.56	9.51
226.70	245.14

Employee benefit obligations consist of the following:

(a) Employee benefit obligations – Current

(in millions of USD)

Compensated absences
Other employee benefit obligations
Total

Year ended March 31, 2020	Year ended March 31, 2019
13.06	12.18
0.01	0.01
13.07	12.19

Notes to Financial Statements

(b) Employee benefit obligations – Non-current

(in millions of USD)

Other employee benefit obligations

Total

Year ended March 31, 2020	Year ended March 31, 2019
0.06	0.07
0.06	0.07

Defined contribution plan

The Company has a 401(k) plan with profit sharing feature. Eligible employees may elect to defer up to 50 percent of their total compensation each year, not to exceed the annual limitations established by the Internal Revenue Code. The Company's contributions were USD 5.37 million and USD 6.46 million for the years ended March 31, 2020 and March 31, 2019 respectively.

22. Commitments and contingencies

• Capital commitments

The Company has contractually committed (net of advances) USD 1.28 million and USD 4.33 million as at March 31, 2020 and 2019 respectively, 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 USD 940 million to Epic. In September 2017, the Company received a Court order reducing the damages from USD 940 million to USD 420 million to Epic. Pursuant to US Court procedures, a Letter of Credit has been made available to Epic for USD 440 million as financial security in order to stay execution of the judgment pending post-judgment proceedings and appeal. Pursuant to reaffirmation of the Court order in March 2019, the Company has filed a notice of appeal in the superior Court to fully set aside the Order. Epic has also filed a cross appeal challenging the reduction by the trial judge of USD 100 million award and USD 200 million in punitive damages. 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.

23. Related party transactions

The Company's principal related parties consist of its holding company TCS Limited and its subsidiaries. The ultimate holding company of Tata America International Corporation is Tata Sons Private Limited. The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enters into transactions in the ordinary course of business.

Transactions with related parties are as follows:

(in millions of USD)

Revenue from operations

Tata Consultancy Services Limited

Other income

Tata Sons Private Limited, its subsidiaries and associates

Tata Steel International

Tata Consultancy Services Limited

Subsidiaries of Tata Consultancy Services Limited

TCS e-Serve International Ltd

TCS e-Serve America Inc

Year ended March 31, 2020	Year ended March 31, 2019
456.21	505.70
0.01	0.01
12.28	7.09
-	-
0.12	0.01

Notes to Financial Statements

Purchases of goods and services (including reimbursements)

Tata Sons Private Limited, its subsidiaries and associates

Titan Company Limited

Tata Consultancy Services Limited

Subsidiaries of Tata Consultancy Services Limited

TCS Portugal Unipessoal Lda

TCS (Philippines) Inc.

TCS (Thailand) Limited

TCS Argentina SA

TCS Asia Pacific Pte Ltd

TCS Canada Inc.

TCS China Co. Ltd.

TCS de Espana SA

TCS de Mexico SA de CV

TCS Deutschland GmbH

TCS do Brazil Ltda.

TCS e-Serve International Ltd

TCS e-Serve America Inc

TCS France SA

TCS Italia srl

TCS Netherlands B.V.

TCS Solution Center SA

TCS Switzerland Ltd.

TCS Uruguay S.A.

TCS Japan Limited

TCS Sverige AB

TCS Belgium S.A./N.V.

TCS Colombia

TCS Ecuador

TATASOLUTION CENTER SA

TCS Luxembourg S.A.

TCS Denmark ApS

Brand equity contribution

Tata Sons Private Limited, its subsidiaries and associates

Tata Sons Private Limited

Dividend paid

Tata Consultancy Services Limited

Year ended March 31, 2020	Year ended March 31, 2019
0.05	-
3.01	88.73
-	(0.15)
-	(0.82)
-	(0.02)
-	(0.01)
(0.01)	(0.07)
(0.11)	(0.02)
-	(0.02)
-	(0.01)
(0.03)	(1.06)
(0.11)	0.02
0.01	0.21
(0.02)	(0.09)
(0.06)	(0.16)
(0.05)	(0.09)
(0.01)	(0.05)
(0.12)	(0.42)
0.04	0.39
(0.07)	(0.01)
0.03	2.08
-	0.16
(0.09)	(0.10)
(0.03)	0.60
-	0.18
-	(0.31)
(0.26)	-
(0.01)	(0.01)
0.01	-
0.09	0.08
250.00	400.00

Notes to Financial Statements

Trade receivables and unbilled receivables and contract assets

Tata Consultancy Services Limited

Subsidiaries of Tata Consultancy Services Limited

TCS (Philippines) Inc.

TCS Argentina SA

TCS Canada Inc.

TCS China Co. Ltd.

TCS de Espana SA

TCS de Mexico SA de CV

TCS Deutschland GmbH

TCS do Brazil Ltda.

TCS e-Serve International Ltd

TCS e-Serve America Inc

TCS France SA

TCS Italia srl

TCS Netherlands B.V.

TCS Solution Center SA

TCS Switzerland Ltd.

TCS Sverige AB

TCS Belgium S.A./N.V.

CMC Americas Inc.

TATA CONSULTANCY SERVICES SUCURSAL DEL PERU

TATASOLUTION CENTER SA

TCS Chile S.A

TCS PT Indonesia

TCS Luxembourg S.A.

Loans, other financial assets and other assets

Tata Consultancy Services Limited

Subsidiaries of Tata Consultancy Services Limited

TCS Asia Pacific Pte Ltd

TCS Canada Inc.

TCS de Mexico SA de CV

TCS Deutschland GmbH

TCS do Brazil Ltda.

TCS France SA

TCS Netherlands B.V.

TCS Solution Center SA

TCS Uruguay S.A.

TCS Belgium S.A./N.V.

Year ended March 31, 2020	Year ended March 31, 2019
174.22	204.46
0.01	0.01
0.05	0.05
0.16	0.17
-	0.04
0.01	0.01
0.06	-
0.12	0.14
-	0.03
0.02	0.01
0.20	0.04
0.05	0.06
0.01	0.02
0.14	0.15
0.01	-
0.07	0.07
0.09	0.10
0.05	0.06
-	0.20
0.01	-
0.27	0.34
0.01	-
0.02	0.03
0.01	0.01
9.56	9.72
0.02	0.01
(0.02)	(0.02)
0.19	0.17
0.02	0.02
0.01	0.01
0.01	0.01
-	0.01
(0.17)	0.09
(0.19)	0.09
0.02	0.01

Notes to Financial Statements

Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities

Tata Sons Private Limited, its subsidiaries and associates

Tata Sons Private Limited

Tata Consultancy Services Limited

Subsidiaries of Tata Consultancy Services Limited

TCS Portugal Unipessoal Lda

TCS (Philippines) Inc.

TCS Asia Pacific Pte Ltd

TCS Canada Inc.

TCS China Co. Ltd.

TCS de Mexico SA de CV

TCS Deutschland GmbH

TCS do Brazil Ltda.

TCS e-Serve International Ltd

TCS e-Serve America Inc

TCS France SA

TCS Italia srl

TCS Netherlands B.V.

TCS Solution Center SA

TCS Switzerland Ltd.

TCS Uruguay S.A.

TCS Japan Limited

TCS Sverige AB

TCS Belgium S.A./N.V.

TCS Colombia

CMC Americas Inc.

TCS PT Indonesia

TCS Denmark ApS

Year ended March 31, 2020	Year ended March 31, 2019
0.09	0.08
12.97	115.13
(0.01)	(0.01)
(0.13)	(0.14)
(0.01)	-
(0.01)	0.03
(0.01)	(0.13)
(0.31)	(0.23)
0.01	0.01
0.01	0.02
-	0.62
-	0.03
0.01	-
(0.06)	(0.06)
0.20	0.32
0.01	(0.01)
(0.07)	(0.07)
-	0.07
-	(0.10)
(0.01)	(0.01)
0.01	0.04
(0.16)	(0.16)
0.39	0.39
0.01	0.01
0.01	-

24. Subsequent events

Dividends

Dividends paid during the year ended March 31, 2020 include an amount of USD 12,500 per equity share towards interim dividends for the year ended March 31, 2020. Dividends paid during the year ended March 31, 2019 include an amount of USD 8,750 per equity share towards final dividend for the year ended March 31, 2018 and an amount of USD 11,250 per equity share towards interim dividend for the year ended March 31, 2019.

The Company has evaluated subsequent events from the balance sheet date through May 19, 2020 the date on which the financials were available for issue and determined that there is no material event to be disclosed.

TATA CONSULTANCY SERVICES CANADA INC.

(Company Registration Number: 88775 0719)

FINANCIAL STATEMENTS

**For the year ended
March 31, 2020**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS TATA CONSULTANCY SERVICES CANADA INC.

Opinion

We have audited the financial statements of Tata Consultancy Services Canada Inc. ("the Company"), which comprise:

- the statement of financial position as at 31 March 2020
- the statement of profit or loss and other comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

Management is also 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 Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, 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.
- 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.

Place: Mumbai, India
Date: May 19, 2020

For KPMG
Chartered Accountants

Statement of Financial Position

(CAD million)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	6(a)	27.19	45.65
Trade receivables	6(b)	194.75	172.86
Unbilled receivables		53.41	42.69
Other financial assets	6(c)	6.21	8.19
Other assets	8(b)	23.09	15.98
Total current assets		304.65	285.37
Non-current assets			
Unbilled receivables		0.09	0.23
Income tax assets (net)		1.26	-
Deferred tax assets (net)		2.96	3.54
Property, plant and equipment	8(a)	4.02	4.49
Right of Use of asset	7	3.37	-
Other assets	8(b)	0.01	0.11
Total non-current assets		11.71	8.37
TOTAL ASSETS		316.36	293.74
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables		98.33	56.62
Lease liability		1.11	-
Other financial liabilities	6(d)	41.29	32.17
Unearned and deferred revenue		6.60	11.80
Employee benefit obligations	13	21.68	17.79
Provisions		0.03	0.06
Income tax liabilities (net)		-	2.05
Other liabilities	8(c)	24.80	15.53
Total current liabilities		193.84	136.02
Non-current liabilities			
Lease liability		3.98	-
Other liabilities	8(c)	-	1.30
Total non-current liabilities		3.98	1.30
Total liabilities		197.82	137.32
Equity			
Share capital	6(h)	7.07	7.07
Retained earnings		111.47	149.35
Total equity		118.54	156.42
TOTAL LIABILITIES AND EQUITY		316.36	293.74

[See accompanying notes to financial statements](#)

Statement of Profit or Loss and Other Comprehensive Income

(CAD million)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue	9	1,068.09	971.84
Expenses			
Employee benefits expenses	13	506.86	428.27
Cost of equipment and software licenses		0.73	0.24
Depreciation expense	7, 8(a)	1.95	1.10
Other expenses	10	437.19	439.91
TOTAL EXPENSES		946.73	869.52
OPERATING PROFIT		121.36	102.32
Other income			
Finance and other income	11(a)	1.10	0.97
Finance costs	11(b)	(0.21)	0.01
Other gains (net)	11(c)	4.05	1.83
OTHER INCOME (NET)		4.94	2.81
PROFIT BEFORE TAXES		126.30	105.13
Income tax expense	12	33.88	28.33
PROFIT FOR THE YEAR		92.42	76.80
OTHER COMPREHENSIVE INCOME (OCI)		-	-
TOTAL OTHER COMPREHENSIVE INCOME/(LOSSES)		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		92.42	76.80

See accompanying notes to financial statements

Statement of Changes in Equity

(CAD million, except share data)

	Number of shares	Share capital	Retained earnings	Total Equity
Balance as at April 1, 2018	1,100	7.07	117.55	124.62
Profit for the year	-	-	76.80	76.80
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	76.80	76.80
Dividend (including tax on dividend of CAD 6.75 million)	-	-	(45.00)	(45.00)
Balance as at March 31, 2019	1,100	7.07	149.35	156.42
Balance as at April 1, 2019	1,100	7.07	149.35	156.42
Transition impact of IFRS 16, net of taxes ¹	-	-	(0.30)	(0.30)
Restated balance as at April 1, 2019	1,100	7.07	149.05	156.12
Profit for the year	-	-	92.42	92.42
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	92.42	92.42
Dividend (including tax on dividend of CAD 19.5 million)	-	-	(130.00)	(130.00)
Balance as at March 31, 2020	1,100	7.07	111.47	118.54

See accompanying notes to financial statements

¹Refer note 7

Statement of Cash Flows

(CAD million)

CASH FLOW FROM OPERATING ACTIVITIES

Profit for the year

Adjustment to reconcile profit or loss to net cash generated from operating

Depreciation expense

Income tax expense

Bad debts and advances written (back), allowances for doubtful trade receivables and advances (net)

Operating profit before working capital changes

Net change in

Trade receivables

Unbilled receivables

Other financial assets

Other assets

Trade payables

Unearned and deferred revenue

Other financial liabilities

Other liabilities and provisions

Cash generated from operations

Taxes paid (net of refunds)

Net cash generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Payment for purchase of property, plant and equipment

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid (including tax on dividend)

Repayment of lease liabilities

Net cash used in financing activities

Net change in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

SUPPLEMENTARY CASH FLOW INFORMATION

Interest paid

Interest received

Year ended March 31, 2020	Year ended March 31, 2019
92.42	76.80
1.95	1.10
33.88	28.33
(0.24)	(0.81)
128.01	105.42
(21.61)	4.41
(10.58)	(6.19)
1.94	(2.05)
(7.01)	(15.35)
41.71	(9.30)
(5.20)	(0.62)
9.11	9.42
13.37	4.96
149.74	90.70
(36.50)	(25.32)
113.24	65.38
(0.70)	(0.29)
(0.70)	(0.29)
(130.00)	(45.00)
(1.00)	-
(131.00)	(45.00)
(18.46)	20.09
45.65	25.56
27.19	45.65
0.21	-
1.10	1.03

See accompanying notes to financial statements

Notes forming part of the Financial Statements

1. Corporate information

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 Private Limited is the ultimate parent company.

TCCI is incorporated and domiciled in Canada. The address of its corporate office is 400 University Avenue, 25th Floor Toronto -M5G 1S5, Ontario, Canada.

The financial statements were approved by the Board of Directors and authorized for issue on May 19, 2020.

2. 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).

3. Basis of preparation

These financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortized cost 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. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flow have been prepared under indirect method. The Company classifies interest paid and interest received as cash flow from operating activities.

The functional and reporting currency of TCCI is Canadian Dollar (CAD). Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

4. 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 judgements 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 recognized in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

a. Revenue Recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Notes forming part of the Financial Statements

- Judgement is also required to determine the transaction price for the contract and to ascribe transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b. Useful lives of property, plant and equipment

TCCI 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.

c. Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

d. Provision and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

e. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether

Notes forming part of the Financial Statements

the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5. Recent accounting standards

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS Standards	References to Conceptual Framework ¹
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IAS 1	Classification of Liabilities ²

¹Effective for annual periods beginning on or after January 1, 2020.

²Effective for annual periods beginning on or after January 1, 2022.

IFRS Standards – References to Conceptual Framework

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Amendments primarily either update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised Framework, with effect from January 1, 2020. The Company does not expect that the amendment to have any impact on its financial statements.

IAS 1 and IAS 8 – Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

- Obscuring: The existing definition only focused on omitting or misstating information, however, IASB concluded that obscuring material information with information that can be omitted can have a similar effect.
- Could reasonably be expected to influence: The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- Primary users: The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Company does not expect that the amendment to have any impact on its evaluation of 'material' in relation to its financial statements.

IAS 1 – Classification of Liabilities

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

Notes forming part of the Financial Statements

6. Financial assets, financial liabilities and equity 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.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

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 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 a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

Impairment of financial assets (other than at fair value)

The Company assesses at each date of statement 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 recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. 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 allowance 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.

Notes forming part of the Financial Statements

a. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As at March 31, 2020	As at March 31, 2019
Cash at banks	27.19	45.65
Total	27.19	45.65

(CAD million)

b. Trade receivables

Trade receivables consist of the following:

Trade receivables - Current

	As at March 31, 2020	As at March 31, 2019
Trade receivables	195.14	173.53
Less: Allowance for doubtful trade receivables (net)	(0.39)	(0.67)
Total	194.75	172.86

(CAD million)

Trade receivables include balances with related parties (Refer note 15)

c. Other financial assets

Other financial assets consist of the following:

Other financial assets – Current

	As at March 31, 2020	As at March 31, 2019
Interest receivable	0.11	0.10
Employee loans and advances (net of allowances of CAD 0.08 million and CAD 0.04 million respectively)	2.44	2.39
Security deposits	0.03	0.02
Volume discount receivable ¹	3.63	5.68
Total	6.21	8.19

(CAD million)

¹Volume discount receivable include balances with related parties (Refer note 15)

d. Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities – Current

	As at March 31, 2020	As at March 31, 2019
Capital creditors	0.07	0.06
Liabilities towards customer contracts	11.97	16.34
Accrued payroll	29.25	15.77
Total	41.29	32.17

(CAD million)

Notes forming part of the Financial Statements

e. Financial instrument by category

The carrying value of financial instruments by categories as at March 31, 2020 is as follows:

(CAD million)

	Amortised cost	Total carrying value
Financial assets		
Cash and cash equivalents	27.19	27.19
Trade receivables	194.75	194.75
Unbilled receivables	53.50	53.50
Other financial assets	6.21	6.21
Total	281.65	281.65
Financial liabilities		
Trade payables	98.33	98.33
Lease liabilities	5.08	5.08
Other financial liabilities	41.29	41.29
Total	144.70	144.70

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

(CAD million)

	Amortised cost	Total carrying value
Financial assets		
Cash and cash equivalents	45.65	45.65
Trade receivables	172.86	172.86
Unbilled revenue	42.92	42.92
Other financial assets	8.19	8.19
Total	269.62	269.62
Financial liabilities		
Trade payables	56.62	56.62
Other financial liabilities	32.17	32.17
Total	88.79	88.79

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at March 31, 2020 and 2019 approximate the fair value. Difference between carrying amounts and fair values of other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented. Fair value measurement of lease liabilities is not required.

f. Fair value hierarchy

The disclosures relating to fair value of financial assets and liabilities has not been made, the company does not have any such financial assets and liabilities.

g. Financial risk management

TCCI is exposed primarily to fluctuations in foreign currency exchange rates, 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.

Notes forming part of the Financial Statements

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

- Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the entity.

Considering the economic environment of the country in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in the country. The risks primarily relate to fluctuations in US Dollar, GBP and Euro.

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 percent against the functional currency of the Company.

The following analysis has been worked out based on the net exposures for TCCI as at the date of statement of financial position which could affect the statement of profit or loss and other comprehensive income and equity.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2020:

	(CAD million)			
	USD	GBP	EUR	Others ¹
Net financial assets	49.12	0.09	0.63	0.22
Net financial liabilities	11.73	0.03	0.09	0.19

10 percent appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in decrease / increase in the Company's profit before taxes by approximately CAD 3.80 million for the year ended March 31, 2020.

The following table sets forth information relating to foreign currency exposure as at March 31, 2019:

	(CAD million)			
	USD	GBP	EUR	Others ¹
Net financial assets	25.49	0.01	0.26	0.14
Net financial liabilities	4.41	1.37	-	0.11

10 percent appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in decrease / increase in the Company's profit before taxes by approximately CAD 2.00 million for the year ended March 31, 2019.

¹Others include currencies such as Singapore Dollar, Swiss Francs, Mexican Peso and Sweden Kroner

- Interest rate risk**

The Company had invested CAD 30 million in short term bank deposits bearing fixed rate interest, which have matured during the year. Hence the Company is not significantly exposed to interest rate risk.

Notes forming part of the Financial Statements

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 receivables, cash and cash equivalents and other financial assets. Cash and cash equivalent are held with bank having high quality credit rating. 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 and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was CAD 296.79 million and CAD 282.81 million as at March 31, 2020 and March 31, 2019 respectively, being the total of the carrying amount of balances with banks, trade receivables, unbilled receivables, contract assets and other financial assets.

Customers contributing to more than 10 percent of outstanding trade receivable (gross and net of allowances), unbilled receivables and contract assets as at March 31, 2020 and March 31, 2019 respectively are as follows:

	As at March 31, 2020		As at March 31, 2019	
	Gross%	Net%	Gross%	Net%
Customer E	18.39	18.42	7.35	7.37
Customer F	14.45	14.47	19.64	19.69
Customer B	14.95	14.98	14.38	14.42

- **Geographic concentration of credit risk**

TCCI's cash and cash equivalents, trade receivables, unbilled receivables and contract assets is allocated based on the location of the customer and are substantially held in Americas.

The allowance written back for lifetime expected credit loss on trade receivables for the years ended March 31, 2020 and 2019 was CAD 0.28 million and CAD 0.83 million, respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

		(CAD million)
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	0.67	1.48
Change during the year	(0.28)	(0.83)
Bad debts written off	-	-
Translation exchange difference	-	0.02
Balance at the end of the year	0.39	0.67

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 the requirements. TCCI consistently generated 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 at:

(CAD million)

March 31, 2020

Non-derivative financial liabilities:

	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
Trade payables	98.33	-	-	-	98.33
Lease liabilities	1.26	1.20	3.02	-	5.48
Other financial liabilities	41.29	-	-	-	41.29
Total	140.88	1.20	3.02	-	145.10

(CAD million)

March 31, 2019

Non-derivative financial liabilities:

	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
Trade payables	56.62	-	-	-	56.62
Other financial liabilities	32.17	-	-	-	32.17
Total	88.79	-	-	-	88.79

Other risk – Impact of COVID-19

Financial assets of CAD 27.19 million carried at amortised cost is in the form of cash and cash equivalents where the Company has assessed the counterparty credit risk. Trade receivables of CAD 194.75 million forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to customers in Retail, Travel, Transportation and Hospitality, Manufacturing and Energy verticals which could have an immediate impact and the rest which could have an impact with a lag. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables and contract assets of CAD 68.64 million as at March 31, 2020, while arriving at the level of provision that is required. Basis this assessment, allowance of CAD 0.39 million for doubtful trade receivables is considered adequate.

h. Equity instruments

The issued, subscribed and fully paid up share capital consist of the following:

(CAD million)

Issued, Subscribed and Fully paid up

Equity shares of USD 0.25 each (1,000 Equity shares and 1,000 Equity shares)	-	-
Equity shares of CAD 70,653.61 each (100 equity shares and 100 equity shares)	7.07	7.07
Total	7.07	7.07

As at March 31, 2020	As at March 31, 2019
-	-
7.07	7.07
7.07	7.07

Notes forming part of the Financial Statements

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

7. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Transition to IFRS 16

In January 2016, International Accounting Standards Board issued the final version of IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. IFRS 16 has replaced IAS 17 Leases, and its related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted IFRS 16, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Notes forming part of the Financial Statements

Refer note 2(f) – Significant accounting policies – Leases in the Annual Financial Statement of the Company for the year ended March 31, 2019, for the policy as per IAS 17.

Operating leases

For transition, the Company has elected not to apply the requirements of IFRS 16 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying IFRS 16 to leases previously classified as operating leases under IAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying IAS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of CAD 3.92 million and lease liability of CAD 5.88 million has been recognised. The cumulative effect on transition in retained earnings net of taxes is CAD 0.30 million (including the deferred tax of CAD 0.11 million). The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per IAS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 3.19 percent has been applied to lease liabilities recognised in the statement of financial position at the date of initial application.

On application of IFRS 16, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of IFRS 16 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The details of the right-of-use asset held by the Company is as follows:

	(CAD million)	
	Additions for the year ended March 31, 2020	Net carrying amount as at March 31, 2020
Buildings	0.16	3.32
Office equipment	0.05	0.05
Total	0.21	3.37

Depreciation on right-of-asset is as follows:

	(CAD million)
	Year ended March 31, 2020
Buildings	0.77
Office equipment	-
Total	0.77

Interest on lease liabilities is CAD 0.19 million for the year ended on March 31, 2020.

Notes forming part of the Financial Statements

The Company incurred CAD 0.29 million for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is CAD 1.48 million for the year ended March 31, 2020, including cash outflow for short term and low value leases. The Company has no lease term extension options.

Lease contracts entered by the Company pertains for buildings and office equipment taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

8. Non-financial assets and liabilities

a. Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual values 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	Useful lives
Leasehold improvements	Lease term
Computer equipment	4 years
Furniture and fixtures	5 years
Office equipment	5 years
Electrical installation	10 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. Capital work-in-progress includes capital advances.

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 profit or loss.

Notes forming part of the Financial Statements

Property, plant and equipment consist of the following:

(CAD million)

	Leasehold Improve- ments	Computer equipment	Electrical installation	Furniture and fixtures	Office equip- ment	Total
Cost as at April 1, 2019	5.58	1.74	0.01	0.90	0.86	9.09
Additions	0.01	0.49	0.01	0.10	0.01	0.62
Cost as at March 31, 2020	5.59	2.23	0.02	1.00	0.87	9.71
Accumulated depreciation as at April 1, 2019	2.07	1.27	-	0.70	0.62	4.66
Depreciation for the year	0.63	0.29	-	0.13	0.13	1.18
Accumulated depreciation as at March 31, 2020	2.70	1.56	-	0.83	0.75	5.84
Net carrying amount as at March 31, 2020	2.89	0.67	0.02	0.17	0.12	3.87
Capital work-in-progress						0.15
Total						4.02
Cost as at April 1, 2018	5.56	1.50	-	0.89	0.85	8.80
Additions	0.02	0.24	0.01	0.01	0.01	0.29
Cost as at March 31, 2019	5.58	1.74	0.01	0.90	0.86	9.09
Accumulated depreciation as at April 1, 2018	1.44	1.05	-	0.58	0.49	3.56
Depreciation for the year	0.63	0.22	-	0.12	0.13	1.10
Accumulated depreciation as at March 31, 2019	2.07	1.27	-	0.70	0.62	4.66
Net carrying amount as at March 31, 2019	3.51	0.47	0.01	0.20	0.24	4.43
Capital work-in-progress						0.06
Total						4.49

b. Other assets

Other assets consist of the following:

Other assets - Current

(CAD million)

	As at March 31, 2020	As at March 31, 2019
Advances to suppliers	0.86	0.08
Prepaid expenses	4.91	0.07
Contract asset	15.14	13.09
Contract fulfillment costs	0.06	2.09
Others	2.12	0.65
Total	23.09	15.98

Notes forming part of the Financial Statements

Other assets – Non-current

(CAD million)

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	0.01	0.01
Contract asset	-	0.10
Total	0.01	0.11

Contract fulfillment costs of CAD 0.13 million and CAD 0.03 million for the years ended March 31, 2020 and 2019, respectively, have been amortised in the profit or loss. Refer note 9 for changes in contract assets.

c. Other liabilities

Other liabilities consist of the following:

Other liabilities - Current

(CAD million)

	As at March 31, 2020	As at March 31, 2019
Advance received from customers	2.37	5.35
Indirect tax payable and other statutory liabilities	22.43	9.94
Operating lease liabilities	-	0.24
Total	24.80	15.53

Other liabilities – Non-current

(CAD million)

	As at March 31, 2020	As at March 31, 2019
Operating lease liabilities	-	1.30
Total	-	1.30

Operating lease liabilities of CAD 1.54 million has been reclassified to retained earnings pursuant to transition to IFRS 16.

9. Revenue recognition

TCCI earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.

Notes forming part of the Financial Statements

- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from related parties is recognised based on transaction price which is at arm's length.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services. Revenue disaggregation by nature of service is as follows:

	(CAD million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Consultancy services	1,067.29	971.56
Sale of equipment and software licenses	0.80	0.28
Total	1,068.09	971.84

Revenue disaggregation by industry vertical is as follows:

Industry Vertical	(CAD million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Banking, Financial Services and Insurance	723.78	658.61
Communication, Media & Technology	116.09	112.05
Others	228.22	201.18
Total	1,068.09	971.84

Notes forming part of the Financial Statements

Revenue disaggregation by geography is as follows:

Geography

(CAD million)

	Year ended March 31, 2020	Year ended March 31, 2019
Americas	1,059.47	961.81
Rest of the world	8.62	10.03
Total	1,068.09	971.84

Information about major customers

Customers representing 10 percent or more of the Company's total revenue for the year ended March 31, 2020 and 2019 are:

	Year ended March 31, 2020		Year ended March 31, 2019	
	(In millions of CAD)	%	(In millions of CAD)	%
Customer F	162.93	15.25	163.91	16.87
Customer B	165.11	15.46	150.90	15.53

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is CAD 509.25 million out of which 51.59 percent is expected to be recognised as revenue in the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets are as follows

(CAD million)

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	13.19	7.08
Revenue recognised during the year	58.17	46.68
Invoices raised during the year	(57.42)	(40.60)
Other movement during the year	1.12	-
Translation exchange difference	0.08	0.03
Balance at the end of the year	15.14	13.19

Notes forming part of the Financial Statements

(CAD million)

Changes in unearned and deferred revenue are as follows

Balance at the beginning of the year

Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year

Increase due to invoicing during the year, excluding amounts recognised as revenue during the year

Other movement during the year

Translation exchange difference

Balance at the end of the year

Year ended March 31, 2020	Year ended March 31, 2019
11.80	12.42
(11.49)	(11.15)
6.60	10.52
(0.30)	-
(0.01)	0.01
6.60	11.80

Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from

- the inability of our customers to continue their businesses due to financial resource constraints or their services no longer being availed by their customers
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers not in a position to accept alternate delivery modes using Secured Borderless WorkSpaces
- customers postponing their discretionary spend due to change in priorities

The Company has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meeting its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage-completion-basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

10. Cost recognition

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

The cost of the Company are broadly categorized into employee benefit expenses, cost of equipment and software license, depreciation and other expenses. Employee benefit expenses include salaries, incentives, allowances, contribution to various funds and staff welfare expenses. Other expenses mainly include sub-contracting cost, fees to external consultants, facility expenses, travel expenses, communication expenses, marketing expenses, bad debts, education recruitment and training expenses and other expenses. Other expenses is an aggregation of costs which are individually not material such as printing and stationery, bank charges, insurance etc.

Refer note 13 for employee benefit expenses.

Notes forming part of the Financial Statements

Other expenses consist of the following:

		(CAD million)
	Year ended March 31, 2020	Year ended March 31, 2019
Sub-contracting cost	349.23	346.56
Fees to external consultants	53.49	58.47
Facility expenses	1.20	1.89
Travel expenses	8.50	7.49
Communication expenses	0.98	0.98
Bad debts and advances written (back), allowance for doubtful trade receivable and advances (net)	(0.24)	(0.81)
Marketing expenses	1.13	1.39
Education, recruitment and training expenses	0.62	1.02
Cost paid for shared services	17.07	18.55
Royalty paid	2.49	2.31
Other expenses	2.72	2.06
Total	437.19	439.91

11. Other income

Interest income is recognized using effective interest method.

a. Finance and other income

Finance and other income consist of the following:

		(CAD million)
	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on bank deposits	1.10	0.97
Total	1.10	0.97

b. Finance cost

Finance cost consist of the following:

		(CAD million)
	Year ended March 31, 2020	Year ended March 31, 2019
Interest on lease liabilities	0.19	-
Other interest cost	0.02	0.01
	0.21	0.01

Notes forming part of the Financial Statements

c. Other gains (net)

Other gains (net) consist of the following:

	(CAD million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Net foreign exchange gain	2.96	0.84
Others	1.09	0.99
Total	4.05	1.83

12. Income taxes

Income tax expense comprises current and prior period 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 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 Company intends and has right to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred income 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 income 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 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.

The income tax expense consist of the following:

	(CAD million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Current tax		
Current tax expense for current year	32.95	29.17
Current tax expense pertaining to prior years	0.24	0.26
	33.19	29.43
Deferred tax		
Deferred tax expense/(benefit) for current year	0.69	(1.10)
	0.69	(1.10)
Total	33.88	28.33

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 statements of profit or loss is as follows:

	[CAD million]	
	Year ended March 31, 2020	Year ended March 31, 2019
Profit before taxes	126.29	105.13
Statutory income tax rate	26.49%	26.56%
Expected income tax expense	33.45	27.92
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax pertaining to prior years	0.24	0.26
Non-deductible items and others	0.19	0.15
Total income tax expense	33.88	28.33

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

	[CAD million]			
	Opening balance	Recognised in profit through profit or loss	Recognised/ (Reversed) through retained earnings	Closing balance
Deferred tax assets / (liabilities) in relation to				
Property, plant and equipment	(0.07)	0.03	-	(0.04)
Net asset adjustment for tax purpose on purchase of Canadian Branch	0.34	(0.03)	-	0.31
Lease liabilities ¹	-	(0.06)	0.52	0.46
Others including volume discount payable and straightlining impact on operating lease liabilities	3.27	(0.63)	(0.41)	2.23
Total deferred tax assets / (liabilities)	3.54	(0.69)	0.11	2.96

¹Refer note 7

Gross deferred tax assets and liabilities are as follows:

	[CAD million]		
	Assets	Liabilities	Net
As at March 31, 2020			
Deferred tax assets / (liabilities) in relation to			
Property, plant and equipment	-	0.04	(0.04)
Net asset adjustment for tax purpose on purchase of Canadian Branch	0.31	-	0.31
Lease liabilities	0.46	-	0.46
Others including volume discount payable and straightlining impact on operating lease liabilities	2.23	-	2.23
Total deferred tax assets / (liabilities)	3.00	0.04	2.96

Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(CAD million)

	Opening balance	Recognised in profit through profit or loss	Recognised/ (Reversed) through retained earnings	Closing balance
Deferred tax assets / (liabilities) in relation to				
Property, plant and equipment	(0.17)	0.10	-	(0.07)
Net asset adjustment for tax purpose on purchase of Canadian Branch	0.37	(0.03)	-	0.34
Others including volume discount payable and straightlining impact on operating lease liabilities	2.24	1.03	-	3.27
Total deferred tax assets / (liabilities)	2.44	1.10	-	3.54

Gross deferred tax assets and liabilities are as follows:

(CAD million)

	Assets	Liabilities	Net
As at March 31, 2019			
Deferred tax assets / (liabilities) in relation to			
Property, plant and equipment	0.07	0.14	(0.07)
Net asset adjustment for tax purpose on purchase of Canadian Branch	0.34	-	0.34
Others including volume discount payable and straightlining impact on operating lease liabilities	3.27	-	3.27
Total deferred tax assets / (liabilities)	3.68	0.14	3.54

13. Employee benefit

Defined contribution plans

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

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 percent of the base salary of the employee. TCCI's contribution was CAD 6.33 million and CAD 5.38 million for the years ended March 31, 2020 and March 31, 2019 respectively.

Notes forming part of the Financial Statements

Employee cost consists of the following:

	(CAD million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, incentives and allowances	473.30	398.53
Contribution to RRSP and other funds	22.58	19.19
Staff welfare expenses	10.98	10.55
Total	506.86	428.27

Employee benefit obligations consist of the following:

Employee benefit obligation – Current

	(CAD million)	
	As at March 31, 2020	As at March 31, 2019
Compensated absences	21.60	17.69
Other employee benefit obligations	0.08	0.10
Total	21.68	17.79

14. Commitments and contingencies

Capital commitments

The Company has contractually committed (net of advances) CAD 0.19 million and CAD 0.21 million as at March 31, 2020 and 2019 respectively, for purchase of property, plant and equipment.

Contingencies

The contingencies as of March 31, 2020 were CAD 1.35 million and as of March 31, 2019 was Nil.

Employee had sued TCCI for wrongful dismissal and claimed a minimum of CAD 1.35 million in various heads of damages from the Company. TCCI received the Statement of Claim on February 25, 2020. Company is currently in the preliminary stages of the litigation, in which pleadings have not yet closed and documentary evidence has not been exchanged.

15. Related party transactions

The Company's principal related parties consist of its holding company TCS Limited and its subsidiaries. The ultimate holding company of TCCI is Tata Sons Private Limited. The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enters into transactions in the ordinary course of business.

Notes forming part of the Financial Statements

Transaction with related parties are as follows:

	(CAD million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations		
Tata Sons Private Limited, its subsidiaries and associates		
Jaguar Land Rover Canada ULC	0.10	0.16
Tata Global Beverages Canada Inc.	0.06	-
Tata Communications (Canada) Limited	3.96	6.17
Tata Consultancy Services Limited	62.80	39.74
Subsidiaries of Tata Consultancy Services Limited		
Tata America International Corporation	-	0.13
Tata Consultancy Services Asia Pacific Pte Ltd.	0.37	0.30
Tata Consultancy Services Deutschland GmbH	2.45	5.17
Tata Consultancy Services Netherlands BV	2.58	2.25
Tata Consultancy Services Sverige AB	0.07	0.86
Tata Consultancy Services Switzerland Ltd.	2.30	0.55
Purchases of goods and services (including reimbursements)		
Tata Sons Private Limited, its subsidiaries and associates		
Jaguar Land Rover Canada ULC	-	0.08
Titan Company Limited	0.11	-
Tata Communications (Canada) Limited	-	4.40
Tata Consultancy Services Limited	428.11	418.27
Subsidiaries of Tata Consultancy Services Limited		
MGDC S.C.	0.03	0.04
Tata America International Corporation	0.15	0.17
Tata Consultancy Services Asia Pacific Pte Ltd.	0.19	-
Tata Consultancy Services De Mexico S.A.,De C.V.	0.49	0.59
Tata Consultancy Services Deutschland GmbH	0.01	-
Tata Consultancy Services Do Brasil Ltda	0.06	0.04
Tata Consultancy Services Netherlands BV	0.04	-
Tata Consultancy Services Sverige AB	-	(0.01)
TCS Uruguay S. A.	2.69	2.68
TCS Solution Center S.A.	-	0.05
Brand equity contribution		
Tata Sons Private Limited, its subsidiaries and associates		
Tata Sons Private Limited	2.49	2.31
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)		
Tata Sons Private Limited, its subsidiaries and associates		
Tata Communications (Canada) Limited	(0.28)	-
Dividend paid		
Tata Consultancy Services Limited	130.00	45.00

Notes forming part of the Financial Statements

Balances receivable/payable from/to related parties are as follows:

	(CAD million)	
	As at March 31, 2020	As at March 31, 2019
<i>Trade receivables, unbilled receivables and contract assets</i>		
Tata Sons Private Limited, its subsidiaries and associates		
Jaguar Land Rover Canada ULC	0.11	0.03
Tata Global Beverages Canada Inc.	0.06	-
Tata Communications (Canada) Limited	3.99	4.05
Tata Consultancy Services Limited	48.52	16.90
Subsidiaries of Tata Consultancy Services Limited		
Tata America International Corporation	(0.01)	0.05
Tata Consultancy Services Asia Pacific Pte Ltd.	0.21	0.07
Tata Consultancy Services De Mexico S.A.,De C.V.	0.01	0.01
Tata Consultancy Services Deutschland GmbH	0.51	1.06
Tata Consultancy Services Netherlands BV	0.54	0.38
Tata Consultancy Services Sverige AB	(0.01)	0.03
Tata Consultancy Services Switzerland Ltd.	0.29	0.09
<i>Loans, other financial assets and other assets</i>		
Tata Consultancy Services Limited	8.32	5.40
Subsidiaries of Tata Consultancy Services Limited		
Tata Consultancy Services Asia Pacific Pte Ltd.	-	0.12
TCS Uruguay S. A.	0.17	0.16
<i>Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities</i>		
Tata Sons Private Limited, its subsidiaries and associates		
Tata Sons Private Limited	2.49	2.31
Tata Consultancy Services Limited	85.70	38.44
Subsidiaries of Tata Consultancy Services Limited		
MGDC S.C.	0.02	0.01
Tata America International Corporation	0.21	0.20
Tata Consultancy Services Asia Pacific Pte Ltd.	0.24	0.06
Tata Consultancy Services De Mexico S.A.,De C.V.	0.04	0.05
Tata Consultancy Services Deutschland GmbH	0.10	0.12
Tata Consultancy Services Netherlands BV	0.21	0.06
Tata Consultancy Services Switzerland Ltd.	0.02	0.01
TCS Solution Center S.A.	(0.01)	(0.01)
TCS Uruguay S. A.	0.27	0.22

Notes forming part of the Financial Statements

16. Subsequent event

Dividends paid during the year ended March 31, 2020 include an amount of CAD 118,181.81 (March 31, 2019: CAD 40,909.09) per equity share towards interim dividend for the year ended March 31, 2020.

The Company has evaluated subsequent events from the balance sheet date through May 19, 2020 the date on which the financials were available for issue and determined that there is no material event to be disclosed.

W12 Studios Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the period ended
March 31, 2020**

FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF W12 Studios Limited

Report on the Financial Statements

We have reviewed the accompanying Condensed financial statements of W12 Studio Limited (UK) (The Company), which comprise condensed balance sheet as of 31st March 2020, and the condensed statement of profit & loss for the period ended on 31st March, 2020 (i.e. April, 2019 to March, 2020), Condensed statement of cash flows for the period ended on 31st March, 2020, and the statement of accounting policies & related notes to the condensed financial statements.

Management's Responsibility for the separate Financial Statements

Management is responsible for the preparation and fair presentation of these condensed financial statements 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express a conclusion on the accompanying condensed financial statements. On the basis of our review, we express moderate assurance as to whether the said Financial Statement of The Company is free from any material misstatement. A review is limited primarily to the enquiries with concerned employees of the company and analytical procedures applied to financial data thus provided less assurance than audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not give a true and fair view of (or present fairly, in all material respects,) the financial position of The Company as at March 31, 2020, and of its financial performance and cash flows for the period ended March 31, 2020, in accordance with the Accounting Standards referred to in the Companies Act, 2013 and other accounting principles generally accepted in India.

Restriction on Distribution and Use

These 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, 2020 in accordance with Indian Accounting Standard (Ind-AS). 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.

For **KBJ & ASSOCIATES**

Chartered Accountants

(Firm Registration No. 114934W)

Kaushik B. Joshi Proprietor

Partner

(Membership No.48889)

Date: May 26, 2020
Mumbai

Condensed Balance Sheet

Amount in GBP

ASSETS

Non-current assets

(a) Property, plant and equipment

Total non-current assets

Current assets

(a) Financial assets

(i) Trade receivables

(ii) Unbilled receivables

(iii) Cash and cash equivalents

(iv) Loans receivables

(b) Other assets

Total current assets

TOTAL ASSETS

EQUITY AND LIABILITIES

Equity

(a) Share capital

(b) Other equity

Total Equity

Liabilities

Non-current liabilities

(a) Deferred tax liabilities (net)

Total non-current liabilities

Current liabilities

(a) Financial liabilities

(i) Trade payables

(b) Unearned and deferred revenue

(c) Income tax liabilities (net)

(d) Other liabilities

Total current liabilities

TOTAL EQUITY AND LIABILITIES

REFER ACCOMPANYING NOTES FOR ACCOUNTING POLICIES

As per our report of even date attached

For K B J & Associates
Chartered Accountants

Firm's registration no. 114934W

Kaushik B. Joshi

Partner

Membership number. 48889

Place: Mumbai

Date: May 26, 2020

For and on behalf of the Board of Directors

Director

Place:

Date: May 26, 2020

Director

Place:

Date May 26, 2020

As at March 31, 2020	As at March 31, 2019
-	39,800
-	39,800
7,212	1,313,384
-	1,933
2,778,579	2,107,778
36,794	-
76,065	103,947
2,898,650	3,527,042
2,898,650	3,566,842
1	1
2,835,768	2,688,703
2,835,769	2,688,704
-	37,480
-	37,480
54,378	653,596
-	12,972
8,503	168,610
-	5,480
62,881	840,658
2,898,650	3,566,842

Condensed Statement of Profit and Loss

Amount in GBP

	for the year ended March 31, 2020	Five months period ended March 31, 2019
I. Revenue	305,750	1,146,732
II. Other income	64,403	11,039
III. TOTAL INCOME	370,153	1,157,771
IV. Expenses		
(a) Employee benefit expenses	110,140	604,378
(b) Other expenses	60,399	176,600
(d) Depreciation expense	2,139	6,392
TOTAL EXPENSES	172,678	787,370
V. PROFIT/(LOSS) BEFORE TAX	197,475	370,401
VI. Tax expenses		
(a) Current tax	87,890	60,000
(b) Deferred tax	(37,480)	-
TOTAL TAX EXPENSES	50,410	60,000
VII. PROFIT/(LOSS) FOR THE PERIOD	147,065	310,401
VIII. TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	147,065	310,401
REFER ACCOMPANYING NOTES FOR ACCOUNTING POLICIES		

As per our report of even date attached

For K B J & Associates
Chartered Accountants

Firm's registration no. 114934W

Kaushik B. Joshi

Partner

Membership number. 48889

Place: Mumbai

Date: May 26, 2020

For and on behalf of the Board of Directors

Director

Place:

Date: May 26, 2020

Director

Place:

Date May 26, 2020

:

Condensed Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

Amount in GBP

Balance as at November 1, 2019	Change in Equity share capital during the year	Balance as at March 31, 2020
1	-	1

(100,500 ordinary shares of GBP 0.00001 each)

B. OTHER EQUITY

Amount in GBP

	Reserves and surplus		
	Retained earnings	Other Reserves	Total equity
Balance as at November 1, 2018	2,373,212	5,090	2,378,302
Profit for the period	310,401	-	310,401
Balance as at March 31, 2019	2,683,613	5,090	2,688,703
Balance as at April 1, 2019	2,683,613	5,090	2,688,703
Profit for the period	147,065	-	147,065
Balance as at March 31, 2020	2,830,678	5,090	2,835,768

NOTES FORMING PART OF FINANCIAL STATEMENTS

As per our report of even date attached

For K B J & Associates
Chartered Accountants

Firm's registration no. 114934W

Kaushik B. Joshi

Partner

Membership number. 48889

Place: Mumbai

Date: May 26, 2020

For and on behalf of the Board of Directors

Director

Place:

Date: May 26, 2020

Director

Place:

Date May 26, 2020

Condensed Statement of Cash flows

Amount in GBP

I CASH FLOWS FROM OPERATING ACTIVITIES

Profit after tax

Adjustments to reconcile profit and loss to net cash provided by operating activities:

Depreciation

Loss on disposal of property and equipment

Tax expense

Interest income

Operating Profit/(Loss) before working capital changes

Net change in

Trade receivables

Unbilled receivables

Other assets

Loans and other financial assets

Trade payables

Other financial liabilities

Unearned and deferred revenues

Other liabilities and provisions

Cash generated from operations

Taxes paid (net of refund)

Net cash generated from operating activities

II CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal of property plant and equipment

Interest received

Net cash used in investing activities

III CASH FLOWS FROM FINANCING ACTIVITIES

Net cash generated from financing activities

Net change in cash and cash equivalents

Effect of foreign exchange on cash

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents, as at the end of the period

IV NOTES FORMING PART OF FINANCIAL STATEMENTS

Period ended March 31, 2020	Period ended March 31, 2019
147,065	310,401
2,139	11,075
-	645
50,410	60,000.00
(11,884)	(7,482)
187,730	374,639
1,306,172	(54,909)
1,933	444,962
27,882	(14,065)
(36,794)	5,299
(599,217)	420,946
-	(38,801)
(12,972)	12,972
(5,480)	(460,425)
869,254	690,618
(247,997)	(187,820)
621,257	502,798
37,660	(32,727)
11,884	7,482
49,544	(25,245)
-	-
670,801	477,553
2,107,778	1,630,225
2,778,579	2,107,778

As per our report of even date attached

For K B J & Associates

Chartered Accountants

Firm's registration no. 114934W

Kaushik B. Joshi

Partner

Membership number. 48889

Place: Mumbai

Date: May 26, 2020

For and on behalf of the Board of Directors

Director

Place:

Date: May 26, 2020

Director

Place:

Date: May 26, 2020

Notes forming part of the Condensed Financial Statements

1. Corporate Information

W12 Studios Limited is a digital design studio based in London with expertise in visual, interaction, motion, sonic and creative technology. W12 Studios creates iconic experiences and products for leading global brands. It helps define, design and prototype digital products for leading media and entertainment companies globally.

The Company is incorporated in the United Kingdom. The address is 75 Bayham Street, London, UK as at March 31, 2019. Tata Consultancy Services, the holding company acquired W12 Studios Limited on 1st November 2018 and owned 100% of the company's equity share capital.

The Board of Directors approved the standalone financial statements for the year ended March 31, 2020 and authorised for issue on May 26, 2020.

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. This special purpose financial statements have been prepared for 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 presented in GBP which is the functional currency of the Company.

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The statement of cash flows have been prepared under Indirect method.

c) Use of estimates and judgements

The preparation of 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.

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.

d) Revenue recognition

The Company earns revenue primarily from providing information technology, consultancy services in the digital design space.

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

Revenue related to fixed price maintenance and support services contracts where the company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

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 employee benefit expenses, depreciation expense and other

Notes to financial statements

expenses. Employee benefit expenses include employee compensations. Other expenses majorly include subcontract cost, communication expenses, cost of running its facilities, travel expenses and other expenses.

f) Income-taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the period.

i) 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.

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.

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.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of asset to another entity. The company decognises a financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired.

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 amortised 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.

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 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 comprising of purchase price and any initial directly attributable costs of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

The estimated useful lives for Furnitures and Fixures is 4 years and method of depreciation is straight line basis.

The estimated useful lives for Computer equipment is 2 years and method of depreciation is straight line basis.

TATA CONSULTANCY SERVICES (SOUTH AFRICA) PROPRIETARY LIMITED

(Registration Number: 2007/031334/07)

ANNUAL FINANCIAL STATEMENTS

**For the year ended
March 31, 2020**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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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 Internal 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 25, 2020 and are signed on their behalf by:

Lakshminarayanan Gomatam Seshadri

Authorised Director

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, 2020.

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 ZAR 58,220,824 for 2020 (2019: ZAR 73,520,232).

Dividends

A dividend of ZAR 67,500,004 was paid during the year ended March 31, 2020 (2019: ZAR 67,500,004).

Shareholders

The current shareholders of Tata Consultancy Services (South Africa) Proprietary Limited are:

Tata Consultancy Services (Africa) Proprietary Limited

As at March 31, 2020	As at March 31, 2019
100%	100%

Directors and secretary

The directors of the Company during the year under review and up to the date of this report are:

Henry Langa Dube (Reappointed on September 11, 2019)

Vishwanathan Iyer* (Resigned on July 25, 2019)

Lakshminarayanan Gomatam Seshadri* (Appointed on July 22, 2019)

*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 of Tata Consultancy Services (South Africa) Proprietary Limited (the company) set out on pages 21.6 to 21.33, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tata Consultancy Services (South Africa) Proprietary Limited as at 31 March 2020, 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Tata Consultancy Services (South Africa) Proprietary Limited Annual Financial Statements for the year ended 31 March 2020", which includes 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 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
25-May-2020

Statement of Financial Position

[Amount in : ZAR]

ASSETS	Note	As at March 31, 2020	As at March 31, 2019
Current assets			
Cash and cash equivalents	6(a)	85,156,436	76,583,322
Trade receivables	6(b)	335,295,315	338,055,885
Unbilled receivables		6,320,417	2,632,664
Other financial assets	6(c)	7,739,875	8,487,970
Income tax assets (net)		28,251,917	33,805,458
Other assets	8(c)	174,515,986	182,586,381
Total current assets		637,279,946	642,151,680
Non-current assets			
Deferred tax assets (net)	12	50,721,291	51,021,938
Property, plant and equipment	8(b)	3,010,979	3,773,272
Total non-current assets		53,732,270	54,795,210
TOTAL ASSETS		691,012,216	696,946,890
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables	6(d)	396,181,278	354,350,284
Other financial liabilities	6(e)	815,276	2,009,145
Unearned and deferred revenue		112,997,456	156,545,314
Employee benefit obligations	13	2,533,790	1,896,028
Provisions		2,399,266	896,607
Other liabilities	8(d)	19,551,368	15,436,550
Total current liabilities		534,478,434	531,133,928
TOTAL LIABILITIES		534,478,434	531,133,928
Equity			
Share capital	6(i)	18,000,001	18,000,001
Retained earnings		138,533,781	147,812,961
Total Equity		156,533,782	165,812,962
TOTAL LIABILITIES AND EQUITY		691,012,216	696,946,890

See accompanying notes forming part of the financial statements

Statement of Profit or Loss and Other Comprehensive Income

(Amount in : ZAR)

	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue	9	1,761,824,222	1,742,358,337
Operating expenses			
Employee cost	13	90,311,284	69,432,065
Other operating expenses	10	1,593,308,998	1,573,043,789
Depreciation	8(b)	1,753,375	1,699,080
Total operating expenses		1,685,373,657	1,644,174,934
Operating profit		76,450,565	98,183,403
Other income / (expense)			
Net foreign exchange gains / (losses)		(110,967)	(1,292,984)
Finance income	11(a)	6,386,179	5,427,206
Total other income / (expense)		6,275,212	4,134,222
PROFIT BEFORE TAX		82,725,777	102,317,625
Income tax expense	12	24,504,953	28,797,393
PROFIT FOR THE YEAR		58,220,824	73,520,232
Total comprehensive income, net of taxes		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		58,220,824	73,520,232

See accompanying notes forming part of the financial statements

Statement of changes in Equity

(Amount in : ZAR)

	Share capital	Retained earnings	Total equity
Balance as at April 1, 2018	18,000,001	141,792,733	159,792,734
Total comprehensive income for the year	-	73,520,232	73,520,232
Dividend	-	(67,500,004)	(67,500,004)
Balance as at March 31, 2019	18,000,001	147,812,961	165,812,962
Total comprehensive income for the year	-	58,220,824	58,220,824
Dividend	-	(67,500,004)	(67,500,004)
Balance as at March 31, 2020	18,000,001	138,533,781	156,533,782

See accompanying notes forming part of the financial statements

Statement of Cash Flows

(Amount in : ZAR)

	Note	For Year ended March 31, 2020	For Year ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		58,220,824	73,520,232
Adjustment to reconcile profit or loss to net cash provided by operating activities			
Depreciation	8(b)	1,753,375	1,699,080
Income tax expense		24,504,953	28,797,393
Provision for foreseeable losses		1,502,659	552,969
Provision for doubtful debts (net)		11,225,359	172,899
Operating profit before working capital changes		97,207,170	104,742,573
Net change in			
Trade receivables		(8,464,790)	(4,959,667)
Unbilled receivables		(3,687,754)	50,107,808
Other financial assets		748,095	895,673
Other assets		8,070,395	25,781,082
Trade and other payables		41,830,994	(17,847,554)
Other financial liabilities		(1,193,870)	366,840
Unearned and deferred revenues		(43,547,857)	(79,552,055)
Employee benefit obligations		637,762	(203,679)
Other liabilities		4,114,820	4,094,071
Cash generated from operating activities		95,714,965	83,425,092
Taxes paid (net of refunds)		(18,650,765)	(33,409,848)
Net cash generated from operating activities		77,064,200	50,015,244
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(991,082)	(2,013,011)
Disposal of property, plant and equipment		-	-
Net cash generated by investing activities		(991,082)	(2,013,011)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of Dividend		(67,500,004)	(67,500,004)
Net cash used in financing activities		(67,500,004)	(67,500,004)
Net change in cash and cash equivalents		8,573,114	(19,497,771)
Cash and cash equivalents, beginning of the year		76,583,322	96,081,093
Cash and cash equivalents, end of the year	6(a)	85,156,436	76,583,322

See accompanying notes forming part of the financial statements

Notes forming part of the Financial Statements

1. Corporate information

Tata Consultancy Services (South Africa) Proprietary 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 25, 2020.

2. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and Companies Act of South Africa. The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented except for IFRS-16 "Leases", which has been applied for the first time (Note 7).

3. Basis of preparation

These financial statements have been prepared on historical cost basis except for certain financial instrument 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.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customer and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The Statement of cashflows have been prepared under indirect method.

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 date of statement of financial position. 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.

4. Use of estimates and judgments

The preparation of these financial statements is in conformity with the recognition and measurement principles of IFRS requires management to make estimates and assumptions that affect the reported balances 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.

Key sources 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, are in respect of valuation of deferred tax assets, and useful lives of property, plant and equipment, these are discussed below. Key sources of estimation of uncertainty in respect of revenue recognition, employee benefits, deferred tax and provisions and contingent liabilities have been discussed in their respective policies.

a. Revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance

Notes forming part of the Financial Statements

obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. The Company has applied the practical expedient, whereby the Company does not adjust the transaction price for the effects of the time value of money where the period between when the control on goods and services transferred to the customer and when payment thereof is due, is one year or less. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- Revenue for fixed-price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b. 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. The carrying amount of property, plant and equipment as on March 31, 2020 was ZAR 3,010,979 [2019: ZAR 3,773,272].

c. 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.

d. Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

e. 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.

f. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by

Notes forming part of the Financial Statements

an option to terminate the lease if the company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5. Recent accounting standards

Amendments to IFRS Standards	References to Conceptual Framework ¹
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate Benchmark Reform ¹
Amendments to IAS 1	Classification of Liabilities ²

¹ Effective for annual periods beginning on or after January 1, 2020.

² Effective for annual periods beginning on or after January 1, 2022.

IFRS Standards – References to Conceptual Framework

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Amendments primarily either update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised Framework, with effect from January 1, 2020. The Company does not expect that the amendment to have any impact on its financial statements.

IAS 1 and IAS 8 – Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

- Obscuring: The existing definition only focused on omitting or misstating information, however, IASB concluded that obscuring material information with information that can be omitted can have a similar effect.
- Could reasonably be expected to influence: The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- Primary users: The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Company does not expect that the amendment to have any impact on its evaluation of 'material' in relation to its financial statements.

IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

In September 2019, IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). The IASB felt that some hedge accounting requirements in IFRS 9 may be affected by uncertainties arising from the impact of the ongoing reform of some major interest rate benchmarks whereby efforts are being made to replace existing benchmarks with alternative, nearly risk free rates. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors. Therefore, IASB has amended specific hedge accounting requirements to provide exceptions during this period of uncertainty. The amendment primarily states that when determining whether a forecast transaction is highly probable, a company shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform. The Company does not expect the amendment to have any significant impact because the Company hedges currency fluctuation risk and contractual cashflows of hedged items and hedging instruments do not vary significantly with changes in interest rate benchmarks.

Notes forming part of the Financial Statements

IAS 1 – Classification of Liabilities

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or noncurrent should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

6. Financial assets, financial liabilities and equity 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.

Trade receivable

Trade recoverable without a significant financing component is initially measured at transaction price.

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 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 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 of direct issue cost.

Impairment of financial assets (other than at fair value)

The Company assesses at each date of statement 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 recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing

Notes forming part of the Financial Statements

transaction. 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.

Derecognition

(a) Financial asset

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

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

(b) Financial liability

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

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

Offsetting

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

a. Cash and cash equivalents

(Amount in : ZAR)

	As at March 31, 2020	As at March 31, 2019
Cash in hand	16,000	16,000
Balances with bank	85,140,436	76,567,322
Total	85,156,436	76,583,322

b. Trade receivables

(Amount in : ZAR)

	As at March 31, 2020	As at March 31, 2019
Trade receivables*	352,944,386	344,479,597
Less: Allowance for doubtful trade receivables	(17,649,071)	(6,423,712)
Total	335,295,315	338,055,885

* Trade receivables include balances with related party of ZAR 38,293,317 as at March 31, 2020 (ZAR 36,830,041 as at March 31, 2019) (Refer Note No. 14)

Notes forming part of the Financial Statements

Movement in the provision for doubtful debt

(Amount in : ZAR)

	As at March 31, 2020	As at March 31, 2019
At April 1	6,423,712	6,250,813
Additional provision during the year	11,221,402	2,162,465
Recovered during the year	-	(1,989,566)
Add/Less: Exchange difference	3,957	-
At March 31	17,649,071	6,423,712

C. Other financial assets

Other financial asset consist of the following:

(Amount in : ZAR)

	As at March 31, 2020	As at March 31, 2019
Other financial assets - Current		
Employee advances (net of allowance)	588,887	1,359,015
Premises deposits net of allowance	6,865,739	6,274,398
Others*	285,249	854,557
Total	7,739,875	8,487,970

* Other include balances with related party of ZAR Nil as at March 31, 2020 (ZAR 854,547 as at March 31, 2019) (Refer Note No. 14)

D. Trade payables

(Amount in : ZAR)

	As at March 31, 2020	As at March 31, 2019
Trade payables *	296,397,369	299,990,722
Accrued expenses	99,783,909	54,359,562
Total	396,181,278	354,350,284

* Trade payables and Accrued expenses include balances with related party of ZAR 372,639,319 as at March 31, 2020 (ZAR 330,278,835 as at March 31, 2019) (Refer Note No. 14)

E. Other financial liabilities - current

(Amount in : ZAR)

	As at March 31, 2020	As at March 31, 2019
Accrued payroll	494,949	1,059,645
Liabilities towards customer contracts	320,327	949,500
Total	815,276	2,009,145

Notes forming part of the Financial Statements

f. Financial instruments by category

The carrying value of financial assets and financial liabilities as at March 31, 2020 is as follows:

(Amount in : ZAR)

Financial assets

Cash and cash equivalents

Trade receivables

Unbilled receivables

Other financial assets

Total

Financial liabilities

Trade payables

Other financial liabilities

Total

Amortised Cost	Total carrying Value
85,156,436	85,156,436
335,295,315	335,295,315
6,320,417	6,320,417
7,739,875	7,739,875
434,512,043	434,512,043
396,181,278	396,181,278
815,276	815,276
396,996,554	396,996,554

The fair value of financial assets and financial liabilities as at March 31, 2019 is as follows:

(Amount in : ZAR)

Financial assets

Cash and cash equivalents

Trade receivables

Unbilled revenues

Other financial assets

Total

Financial liabilities

Trade payables

Other financial liabilities

Total

Amortised Cost	Total carrying Value
76,583,322	76,583,322
338,055,885	338,055,885
2,632,664	2,632,664
8,487,970	8,487,970
425,759,841	425,759,841
354,350,284	354,350,284
2,009,145	2,009,145
356,359,429	356,359,429

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at March 31, 2020 and 2019 approximate the fair value.

g. 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.

Notes forming part of the Financial Statements

h. 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.

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 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. 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 risk primarily relate to fluctuation of USD, GBP and EUR against the functional currency of the Company.

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, 2020:

	USD (equivalent ZAR)	EUR (equivalent ZAR)	GBP (equivalent ZAR)
Net financial assets	3,027,396	4,012	-
Net financial liabilities	39,020	(622,384)	(175,814)

10% depreciation / appreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services South Africa Pty Ltd Company would result in decrease / increase in the Company's profit before taxes by approximately ZAR 379,059 for the period ended March 31, 2020.

The following table sets forth information relating to foreign currency exposure as at March 31, 2019:

	USD (equivalent ZAR)	EUR (equivalent ZAR)	GBP (equivalent ZAR)
Net financial assets	1,956,152	429,323	-
Net financial liabilities	6,852,942	(19,619)	(150,193)

10% depreciation / appreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services South Africa Pty Ltd Company would result in increase / decrease in the Company's profit before taxes by approximately ZAR 429,766 for the period ended March 31, 2019.

- **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 balance maintained with bank.

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

Notes forming part of the Financial Statements

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 receivables, cash and cash equivalents, and other financial assets.

- Exposure to credit risk**

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was ZAR 468,292,888 and ZAR 465,446,667 as of March 31, 2020 and March 31, 2019, respectively being the total of the carrying amount of balances with bank, bank deposit, trade receivable, unbilled receivables, contract assets and other financial assets. Balance with bank are held with banks with high credit ratings. As of March 31, 2020 there were no indications that any defaults will occur on trade receivable, unbilled revenues, or other financial assets.

Tata Consultancy Services South Africa Pty Ltd Company's exposure to customers is diversified and single customer contributes to more than 10% of outstanding trade receivables and unbilled receivables as at March 31, 2020 and 2019.

(Amount in : ZAR)

Client Name	As at March 31, 2020		As at March 31, 2019	
	Total trade receivables and Unbilled revenue	Percentage	Total trade receivables and Unbilled revenue	Percentage
Customer A	59,383,735	16%	42,877,990	13%
Customer B	46,004,128	12%	36,830,041	11%
Customer C	39,070,033	10%	34,337,472	10%

- Geographic concentraon 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, 2020	As of March 31, 2019
Africa	97.93%	99.57%
America	1.92%	0.26%
UK	0.15%	0.11%
India	0.00%	0.06%

Geographical concentration of trade receivables, unbilled receivables and contract assets is allocated based on the location of the customers.

The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers. The expected credit loss allowance is based on the ageing of the days the receivables are due and are as follows:

Notes forming part of the Financial Statements

March 31, 2020	Weighted average loss rate	Gross Carrying Amount*	Loss allowance	Credit impaired
No Due	0.45%	279,214,724	1,250,219	No
1-90	1.63%	487,337	7,937	No
91-180	7.53%	-	-	No
181-272	39.94%	-	-	No
>273	100.00%	651,161	651,161	Yes

March 31, 2019	Weighted average loss rate	Gross Carrying Amount*	Loss allowance	Credit impaired
No Due	0.33%	207,267,748	686,441	No
1-90	0.81%	66,291,845	537,268	No
91-180	2.10%	20,335,820	426,769	No
181-272	5.81%	6,745,832	391,824	No
273-364	18.87%	614,550	115,978	No
365-455	31.94%	-	-	No
456-540	95.50%	-	-	No
>540	100.00%	4,265,433	4,265,433	Yes

*Gross carrying amount excludes inter-company receivables

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 including lease liabilities as and when they fall due.

March 31, 2020

Financial liabilities

Trade and other payables

Other financial liabilities

Total

March 31, 2019

Financial liabilities

Trade and other payables

Other financial liabilities

Total

Due in 1st year	Due in 2nd to 5th year	Total
396,181,278	-	396,181,278
815,276	-	815,276
396,996,554	-	396,996,554
354,350,284	-	354,350,284
2,009,145	-	2,009,145
356,359,429	-	356,359,429

Notes forming part of the Financial Statements

Other risk – Impact of COVID-19

Financial assets of 85,156,436 ZAR carried at amortised cost is in the form of cash and cash equivalents where the Company has assessed the counterparty credit risk. Trade receivables of 335,295,315 ZAR forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to customers in Retail, Travel, Transportation and Hospitality, Manufacturing and Energy verticals which could have an immediate impact and the rest which could have an impact with a lag. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables and contract assets while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables of 17,649,071 ZAR is considered adequate.

i. Equity instruments

(Amount in : ZAR)

Authorised:

20,000,000 ordinary shares of R1 each

Issued :

18,000,001 ordinary shares of R1 each

As at March 31, 2020	As at March 31, 2019
20,000,000	20,000,000
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

Tata Consultancy Services (Africa) Proprietary Limited

Percentage

100%

Percentage

100%

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.

7. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less

Notes forming part of the Financial Statements

any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Transition to IFRS 16

In January 2016, International Accounting Standards Board issued the final version of IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. IFRS 16 has replaced IAS 17 Leases, and its related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted IFRS 16, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). accordingly the company has elected not to apply IFRS 16 to short term lease that have a lease term of 12 months or less, Hence no lease has been capitalised as leases in the company is of short term in nature.

Refer note 2(l) – Significant accounting policies – Leases in the financial statements of the Company for the year ended March 31, 2019, for the policy as per IAS 17.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of IFRS 16 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying IFRS 16 to leases previously classified as operating leases under IAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying IAS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. On application of IFRS-16, there is no impact as company has elected not to apply IFRS-16 to short term lease that have lease term of 12 month or less.

The Company incurred ZAR 89,006,710 for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets.

Notes forming part of the Financial Statements

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are short term in nature and no changes in terms of those leases are expected due to the COVID-19.

8. Non-financial assets and liabilities

a. Impairment of 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 recognised in 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.

b. Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual values 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 life (in years)
Computer and equipment	Straight line method	4 years
Furniture and fixtures	Straight line method	5 years
Office equipment	Straight line method	5 years
Electrical installations	Straight line method	10 years
Leasehold improvements	Straight line method	Lease term

Depreciation is not recorded on capital work in progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

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 profit or loss.

Notes forming part of the Financial Statements

Property, plant and equipment consist of the following:

(Amount in : ZAR)

	Leasehold Improvements	Computer equipment	Furniture and Fixtures	Office equipment	Electrical installations	Total
Gross block as at April 1, 2019	190,000	10,555,182	258,129	641,345	42,663	11,687,319
Additions	-	948,214	3,118	18,014	4,890	974,236
Disposals	-	-	-	-	-	-
Gross block as at March 31, 2020	190,000	11,503,396	261,247	659,359	47,553	12,661,555
Accumulated depreciation as at April 1, 2019	179,415	7,144,434	129,652	457,846	2,700	7,914,047
Disposals	-	-	-	-	-	-
Depreciation for the year	10,585	1,631,171	45,162	61,767	4,690	1,753,375
	190,000	8,775,605	174,814	519,613	7,390	9,667,422
Net carrying amount as at March 31, 2020	-	2,727,791	86,433	139,746	40,163	2,994,133
Capital work in progress						16,846
Total						3,010,979
	Leasehold Improvements	Computer equipment	Furniture and Fixtures	Office equipment	Electrical installations	Total
Gross block as at April 1, 2018	190,000	8,704,820	233,618	532,470	-	9,660,908
Additions	-	1,909,941	24,511	108,875	42,663	2,085,990
Disposals	-	(59,579)	-	-	-	(59,579)
Gross block as at March 31, 2019	190,000	10,555,182	258,129	641,345	42,663	11,687,319
Accumulated depreciation as at April 1, 2018	116,082	5,688,925	86,721	382,818	-	6,274,546
Disposals	-	(59,579)	-	-	-	(59,579)
Depreciation for the year	63,333	1,515,088	42,931	75,028	2,700	1,699,080
Accumulated depreciation as at March 31, 2019	179,415	7,144,434	129,652	457,846	2,700	7,914,047
Net carrying amount as at March 31, 2019	10,585	3,410,748	128,477	183,499	39,963	3,773,272
Capital work in progress						-
Total						3,773,272

Notes forming part of the Financial Statements

c. Other assets

(Amount in : ZAR)

Other assets consist of the following:

Other assets - Current

Advance to suppliers

Prepaid expenses*

Contract fulfillment cost**

Contract assets

Other current assets - Others

Total

As at March 31, 2020	As at March 31, 2019
-	17,162
132,010,664	142,843,544
8,707,778	-
33,780,845	39,686,826
16,699	38,849
174,515,986	182,586,381

* Prepaid expenses include balances with related party of ZAR 132,010,663 as at March 31, 2020 (ZAR 142,945,699 as at March 31, 2019) (Refer Note No. 14)

** Contract fulfillment cost of ZAR 1,304,574 for the year ended March 31, 2020 has been amortized in statement of Profit and Loss.

d. Other liabilities - current

(Amount in : ZAR)

Other liabilities consist of the following:

Other liabilities - current

Advance received from customers

Indirect tax payable and other statutory liabilities

Provision for rent

Total

As at March 31, 2020	As at March 31, 2019
974,765	2,900,225
18,576,603	12,335,758
-	200,567
19,551,368	15,436,550

9. Revenue recognition

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these

Notes forming part of the Financial Statements

services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .

- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Transaction price attributed in case of contracts with subsidiary is arrived at on the basis of arm's length price. Revenue also excludes taxes collected from customers.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals and geography.

Revenue from operations includes ZAR 11,119,879 for year ended March 31, 2020 (March 31, 2019: ZAR 43,063,343) towards sale of equipment and software licences.

Revenue disaggregation by nature of services is as follows:

(Amount in : ZAR)

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from consultancy services*	1,750,704,343	1,699,294,994
Revenue from sale of equipment and software licences	11,119,879	43,063,343
Total	1,761,824,222	1,742,358,337

- * Revenue includes recovery of expenses from TCS South Africa Branch of ZAR 213,211,968 for March, 2020 (ZAR 192,946,898 for March, 2019)

Notes forming part of the Financial Statements

Revenue disaggregation by industry vertical is as follows:

(Amount in : ZAR)

Financial assets:

Banking, financial and insurance
Communication, media and technology
Retail and consumer products
Manufacturing
Others
Total

Year ended March 31, 2020	Year ended March 31, 2019
886,449,099	825,567,034
616,708,102	689,598,488
134,361,829	109,246,632
6,976,141	9,837,856
117,329,051	108,108,327
1,761,824,222	1,742,358,337

Revenue disaggregation by geography is as follows:

(Amount in : ZAR)

Geography

Africa
America
Others
Total

Year ended March 31, 2020	Year ended March 31, 2019
1,752,540,772	1,731,770,397
6,429,776	1,850,928
2,853,674	8,737,012
1,761,824,222	1,742,358,337

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ZAR 860,267,511 out of which 85.91% is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Movement in contract assets is given below:

(Amount in : ZAR)

Opening balance as at April 1,

Less: Revenue recognised during the year

Add: Invoices raised during the year

Closing balance as at March 31,

Year ended March 31, 2020	Year ended March 31, 2019
39,686,826	51,045,336
207,651,945	181,261,459
(213,557,926)	(192,619,969)
33,780,845	39,686,826

Notes forming part of the Financial Statements

Movement in contract liabilities is as given below:

(Amount in : ZAR)

Opening balance as at April 1,

Less: Revenue recognised during the year

Add: Invoices raised during the year

Add / (Less): Translation during the year

Closing balance as at March 31,

Year ended March 31, 2020	Year ended March 31, 2019
156,545,314	236,097,368
(155,081,409)	(178,321,421)
111,533,551	98,681,709
-	87,658
112,997,456	156,545,314

Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from

- the inability of our customers to continue their businesses due to financial resource constraints or their services no longer being availed by their customers
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers not in a position to accept alternate delivery modes using Secured Borderless WorkSpaces
- customers postponing their discretionary spend due to change in priorities

The Company has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meeting its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage-completion-basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

10. 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.

Notes forming part of the Financial Statements

Other operating expenses

(Amount in : ZAR)

	Year ended March 31, 2020	Year ended March 31, 2019
Project expenses	60,520,707	55,436,738
Facility running expenses*	91,497,865	85,422,785
Fees to external consultants	1,388,200,594	1,363,247,692
Cost of equipment and software licenses	13,872,683	39,585,708
Travel expenses	5,715,776	6,706,301
Communication	1,413,536	1,579,933
Other expenses	32,087,837	21,064,632
Total	1,593,308,998	1,573,043,789

* Facility running expenses includes short term lease expenses amounting ZAR 89,006,710 for March 31, 2020 (ZAR 83,285,351 operating lease rental expenses for March 31, 2019).

11. Other income

a. Finance income

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

(Amount in : ZAR)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on Fixed deposits	-	581,918
Interest on balance with bank	5,958,300	4,989,123
Others	427,879	[143,835]
Total	6,386,179	5,427,206

12. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

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 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

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

Notes forming part of the Financial Statements

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.

The income tax expense consists of the following:

(Amount in : ZAR)

Current Tax

Current tax expense

Deferred tax expense

Total

Year ended March 31, 2020	Year ended March 31, 2019
24,204,306	9,702,960
300,647	19,094,433
24,504,953	28,797,393

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)

Current tax expenses

Income before taxes

Statutory tax rate

Expected income tax expense

Tax pertaining to prior years

Current tax

Temporary disallowed expenses

Depreciation on lease hold

Donations

Other non deductible

Total tax expense

Year ended March 31, 2020	Year ended March 31, 2019
82,725,777	102,317,625
28.00%	28.00%
23,163,217	28,648,935
14,788	80,798
2,964	63,333
-	4,327
1,323,984	-
24,504,953	28,797,393

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

(Amount in : ZAR)

Deferred Tax Assets

Deferred tax assets in relation to:

Deferred revenue

Allowances for receivables, loans and advances

Provisions

Total deferred tax asset

Opening balance	Recognised through profit or loss	Closing balance as on March 31, 2020
45,199,979	(4,722,141)	40,477,838
(391,008)	(683,283)	(1,074,291)
6,212,967	5,104,777	11,317,744
51,021,938	(300,647)	50,721,291

Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(Amount in : ZAR)

Deferred Tax Assets

Deferred tax assets in relation to:

Deferred revenue
Allowances for receivables, loans and advances
Provisions

Total deferred tax asset

Opening balance	Recognised through profit or loss	Closing balance as on March 31, 2019
66,107,263	(20,907,284)	45,199,979
(383,822)	(7,186)	(391,008)
4,392,929	1,820,038	6,212,967
70,116,370	(19,094,432)	51,021,938

IFRIC 23 Interpretation uncertainty over income tax treatment

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

Application of IFRIC 23

The Company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no instances of any uncertain tax treatment in the past and on that basis it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

13. Employee benefits

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.

(Amount in : ZAR)

Employee cost consist of the following:

Contributions to provident and other funds
Salaries & bonus
Staff welfare

Total

Year ended March 31, 2020	Year ended March 31, 2019
7,230,126	6,175,125
81,194,980	61,528,789
1,886,178	1,728,151
90,311,284	69,432,065

(Amount in : ZAR)

Employee benefit obligation consist of the following:

Employee benefit obligations - Current

Compensated absences

Total

Year ended March 31, 2020	Year ended March 31, 2019
2,533,790	1,896,028
2,533,790	1,896,028

Notes forming part of the Financial Statements

14. 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, affiliates 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

Particulars	" With Tata Sons Limited, Ultimate Holding Company "	" With Tata Consultancy Services Africa Pty Ltd., Holding Company "	With Tata Consultancy Services Limited, Parent of Holding Company	With Tata Consultancy Services Limited - South Africa Branch, Holding Company	With Titan Company Limited, subsidiary of Ultimate Holding Company	With Tata Africa Holding (SA) Pty. Ltd. subsidiary of Ultimate Hold- ing Company	With Tata Communica- tions Limited, subsidiary of Ultimate Hold- ing Company	Total
For the year ended March 31, 2020								
Revenue from sale of services and licences	-	-	-	213,211,968	-	-	-	213,211,968
Purchases of goods and services (including reimbursement)	-	-	5 17,579,085	871,053,570	209,550	1,484,212	1,907,129	1,392,233,566
Rent expense	-	-	-	-	-	3,443,622	-	3,443,622
Brand equity contribution	3,858,641	-	-	-	-	-	-	3,858,641
Dividend Paid	-	67,500,004	-	-	-	-	-	67,500,004
For the year ended March 31, 2019								
Revenue from sale of services and licences	-	-	-	194,783,119	-	-	-	1 94,783,119
Purchases of goods and services (including reimbursement)	-	-	4 73,912,192	8 92,737,545	-	1 741,131	4 614,303	1,373,005,171
Rent expense	-	-	-	-	-	3 098,862	-	3,098,862
Brand equity contribution	3,868,147	-	-	-	-	-	-	3,868,147
Dividend Paid	-	67,500,004	-	-	-	-	-	67,500,004

Notes forming part of the Financial Statements

Balances with related parties

Particulars	"With Tata Sons Limited, Ultimate Holding Company"	"With Tata Consultancy Services Africa Pty Ltd., Holding Company"	With Tata Consultancy Services Limited, Parent of Holding Company	With Tata Consultancy Services Limited - South Africa Branch, Holding Company	With Tata Consultancy Services France SA, subsidiary of Parent Holding Company	With Tata Africa Holding (SA) Pty. Ltd. subsidiary of Ultimate Holding Company	With Tata Communications Limited, subsidiary of Ultimate Holding Company	Total
As at March 31, 2020								
Trade receivables, unbilled receivables and prepayments (net)	-	-	-	38,293,317	-	-	-	38,293,317
Trade payables, unearned and deferred revenue, Other financial liabilities and Other liabilities	3,858,641	-	86,332,778	282,164,168	256,589	-	27,143	372,639,319
Prepaid expenses	-	-	98,600,548	33,410,115	-	-	-	132,010,663
	With Tata Sons Limited, Ultimate Holding Company	With Tata Consultancy Services Africa Pty Ltd., Holding Company	With Tata Consultancy Services Limited, Parent of Holding Company	With Tata Consultancy Services Limited - South Africa Branch, Holding Company	With Tata Consultancy Services France SA, subsidiary of Parent Holding Company	With Tata Africa Holding (SA) Pty. Ltd. subsidiary of Ultimate Holding Company	With Tata Communications Limited, subsidiary of Ultimate Holding Company	Total
As at March 31, 2019								
Trade receivables, unbilled revenue and prepayments (net)	-	-	83,644,146	96,986,141	30,672	-	-	180,660,959
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	3,868,147	-	69,157,061	260,389,796	-	-	389,038	333,804,042

Notes forming part of the Financial Statements

15. Compensation to key managerial personnel

Mr. Adil N. Tantra (Head of operations – South Africa)

Particulars

Basic
Bonus
Other Contribution

Total

As of March 31, 2020	As of March 31, 2019
1,324,570	1,278,747
439,845	544,229
366,177	402,941
2,130,592	2,225,917

Mr. Henry Langa Dube (Director)

Particulars

Basic
Bonus
Other Contribution

Total

As of March 31, 2020	As of March 31, 2019
1,504,800	1,434,250
318,787	471,567
332,748	321,345
2,156,335	2,227,162

No remuneration was paid to director Mr. Lakshminarayanan Gomatam Seshadri for the financial years 2020 and 2019 respectively from the subsidiary.

16. Going concern

Management have made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the possible impacts in relation to COVID 19, which is at least, but not limited to, twelve months from the end of the reporting period. Based on the analysis they have concluded that the Company has sufficient resources to continue as a going concern.

17. 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.

18. Comparative information

The corresponding figures presented for the year ended 31 March, 2019 have been reclassified where necessary to preserve consistency with the year ended 31 March, 2020 figures. However, such reclassifications did not have any effect on the comprehensive income or the total equity for the year ended 31 March, 2020.

TCS Financial Solutions Australia Pty Limited
ABN 20 001 899 369

Special Purpose Financial Report

For the year ended
March 31, 2020

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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DIRECTORS' REPORT

The directors present their report together with the financial report of TCS Financial Solutions Australia Pty Limited ("the Company") for the year ended March 31, 2020 and the auditor's report thereon.

1. Directors

The names of the directors in office at any time during or since the end of the year are:

Director_Neville Joseph Roach	Appointed October 20, 2005
Director_Natarajan Ganapathy Subramaniam	Appointed April 11, 2008
Director_Girish Ramachandran Payangatiri	Appointed November 09, 2015
Director_Venkateshwaran Srinivasan	Appointed June 12, 2017

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. 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.

3. Review of operations

The Profit of the Company for the financial year after providing for income tax amounted to AUD 9,283,440 (2019: AUD 6,620,206).

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.

4. Significant changes in state of affairs

On January 29, 2020 TCS Financial Solutions Australia (Holdings) Pty Limited has been deregistered which is the holding of TCS Financial Solutions Australia Pty Limited and transferred its interest in TCS Financial Solutions Australia Pty Limited to TCS FNS Pty Limited. Due to this TCS FNS Australia Pty Limited has become the direct subsidiary of TCS FNS Pty Limited.

5. 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.

6. Dividends

AUD 15,000,000 dividend was declared to TCS Financial Solutions Australia (Holdings) Pty Limited (Parent Company) during the financial year. (2019: AUD 5,000,000).

7. Events subsequent to reporting date

No matters subsequent to the end of the financial period that have arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

8. Likely developments

Outbreak of the COVID-19 pandemic across the world in the last quarter of FY 19-20 has resulted in disruption of the business activities. The lockdown conditions across the world especially since the month of March 2020 have impacted the business operations, coming at the crucial time of the year-end. The economic impact of the pandemic has already started reflecting on the business and has dampened the sentiments. Its impact will be clear as the picture pans out. Company has kept focus on employee safety and well-being and the customers to support mission critical IT backbones globally. The early proactive measures like travel restrictions, cancellation of events and large internal meetings, safe working environments and processes have helped contain the impact to some extent. The impact assessment of COVID-19 has been provided in the respective notes of the financial statements.

9. Shares under 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.

10. Indemnity and insurance of officers and auditors

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.

11. 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.

12. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 22.4 and forms part of the directors' report for the financial year ended March 31, 2020.

This report is made out in accordance with a resolution of the directors:

May 15, 2020

Neville J Roach
Director

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 Limited for the financial year ended 31 March 2020 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

Dated this May 15th 2020

Niraj Singh

Partner
Sydney

Statement of Financial Position

(Amount in AUD)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	7	9,251,484	18,596,045
Trade and other receivables	8	13,934,065	8,738,348
Other current assets	9	321,110	231,899
Total current assets		23,506,659	27,566,292
Non-current assets			
Investment in subsidiary	11	7,227,539	7,227,539
Deferred tax assets	10	173	134,792
Total non-current assets		7,227,712	7,362,331
TOTAL ASSETS		30,734,371	34,928,623
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	12	20,894,635	18,760,370
Provisions		-	36,177
Total current liabilities		20,894,635	18,796,547
TOTAL LIABILITIES		20,894,635	18,796,547
NET ASSETS		9,839,736	16,132,076
Equity			
Share capital	13	4	4
Accumulated gain		10,382,689	16,099,249
Reserve	14	(542,957)	32,823
TOTAL EQUITY		9,839,736	16,132,076

SEE ACCOMPANYING NOTES (1 TO 17) FORMING PART OF THE FINANCIAL STATEMENTS.

Statement of Profit or Loss and Other Comprehensive Income

(Amount in AUD)

	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue	4	15,025,524	14,131,767
Other income	4	706,522	678,352
Expenses			
Project expenses		(2,180,581)	(1,935,586)
Cost of equipment and software licenses		(299,537)	(2,467,654)
Legal and professional fees		(61,236)	92,486
Facility expenses		(14,496)	(14,496)
Other expenses		61,811	(163,698)
PROFIT BEFORE INCOME TAX EXPENSE		13,238,007	10,321,171
Income tax expense	5	(3,954,567)	(3,700,965)
NET PROFIT FOR THE YEAR		9,283,440	6,620,206
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Foreign currency translation		(575,780)	(300,168)
Other comprehensive income for the year, net of tax		(575,780)	(300,168)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,707,660	6,320,038

SEE ACCOMPANYING NOTES (1 TO 17) FORMING PART OF THE FINANCIAL STATEMENTS

Statement of changes in Equity

(Amount in AUD)

	Share Capital	Accumulated gain	Foreign Currency Translation reserve	Total
Balance as at April 1, 2018	4	14,479,043	332,991	14,812,038
Profit for the year	-	6,620,206	-	6,620,206
Other comprehensive income	-	-	(300,168)	(300,168)
Total comprehensive income	-	6,620,206	(300,168)	6,320,038
Dividend paid	-	(5,000,000)	-	(5,000,000)
Balance as at March 31, 2019	4	16,099,249	32,823	16,132,076
Profit for the year	-	9,283,440	-	9,283,440
Other comprehensive income	-	-	(575,780)	(575,780)
Total comprehensive income	-	9,283,440	(575,780)	8,707,660
Dividend paid	-	(15,000,000)	-	(15,000,000)
Balance as at March 31, 2020	4	10,382,689	(542,957)	9,839,736

SEE ACCOMPANYING NOTES (1 TO 17) FORMING PART OF THE FINANCIAL STATEMENTS.

Statement of Cash Flows

(Amount in AUD)

	For Year ended March 31, 2020	For Year ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	9,941,796	18,445,435
Cash paid to suppliers, employees and others	(2,552,159)	(7,552,192)
Interest received	18,751	61,001
Income tax paid	(1,752,949)	(1,890,541)
Net cash flows from operating activities	5,655,439	9,063,703
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(15,000,000)	(5,000,000)
Net cash flows from financing activities	(15,000,000)	(5,000,000)
Net (decrease) / increase in cash and cash equivalents	(9,344,561)	4,063,703
Cash and cash equivalents at the beginning of the financial year	18,596,045	14,532,342
Cash and cash equivalents at the end of year	9,251,484	18,596,045

SEE ACCOMPANYING NOTES (1 TO 17) 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. The registered office address is TCS Financial Solutions Australia Pty Limited, Level 6, 76 Berry Street, North Sydney NSW 2060. TCS FNS Pty Ltd is the parent entity holding 100% share of the company. The main business of the company is to create computer software for banking and to market and license the software worldwide and to provide maintenance services.

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.

The previous parent entity TCS Financial Solutions Australia (Holdings) Pty Limited has been deregistered on January 29, 2020 and hence transferred its 100% equity interest in TCS Financial Solutions Australia Pty limited to TCS FNS Pty Limited.

2. Basis of preparation

a. Basis of accounting

The special purpose financial statements have been prepared in accordance with the mandatory Australian Accounting Standards (AASB's) applicable to entities reporting under the Corporations Act 2001, all recognition and measurement requirements of all other relevant Australian Accounting Standards.

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. The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented except for AASB 16 "Lease" which has been applied for the first time (Note: 3c).

AASB 101 Presentation of financial Statements.

AASB 107 Statement of Cash flows

AASB 108 Accounting policies, 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 15 May, 2020

b. Basis of measurement

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 (income) 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.

Notes forming part of the Financial Statements

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. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The

Notes forming part of the Financial Statements

lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of AASB 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Transition to AASB 16

Australian Accounting Standards Board issued the final version of AASB 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. AASB 16 has replaced AASB 117 Leases, and its related interpretations. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on balance sheet lease accounting model for lessees.

Based on the above lease recognition criteria, the company has not identified any leases for which it acts as a lessee. Thus, there is no impact on financial statement on application of AASB16.

c. 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 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 of direct issue cost.

Notes forming part of the Financial Statements

d. Impairment

Financial assets (other than at fair value)

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. AASB 9 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. 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.

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.

e. 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.

f. 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.

g. 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.

h. 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.

i. Revenue

The Company earns revenue primarily from sale of computer software for banking and to market and license the software worldwide and to provide maintenance services.

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customization services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.

The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer, Revenue also excludes taxes collected from customers.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Notes forming part of the Financial Statements

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

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

In accordance with AASB 137, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

The billing to customers follow different schedules based upon the nature and type of goods and services being transferred. The billing schedules agreed with customers could include periodic performance based payments and /or milestone based progress payments. Invoices are payable within contractually agreed credit period.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services,

Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component, The Company has applied the practical expedient provided by AASB 15, whereby the Company does not adjust the transaction price for the effects of the time value of money where the period between when the control on goods and services transferred to the customer and when payment thereof is due, is one year or less. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time, The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

j. 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.

Notes forming part of the Financial Statements

k. 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.

l. Adoption of new and revised accounting standards

In the current year, the Company has adopted AASB 16 "Leases" which have been applied for the first time (Note: 3(c)) from 1st, April 2019.

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 as group have not taken anything on lease.

4. Revenue

(Amount in AUD)

	As at March 31, 2020	As at March 31, 2019
Operating Activities		
Consultancy revenue	2,459,611	2,569,972
License fees	12,565,913	11,561,795
Total	15,025,524	14,131,767
Non operating activities		
Interest received	18,753	61,001
Other non-operating income	687,769	617,351
Total	706,522	678,352

Revenue disaggregation by industry vertical is as follows:

(Amount in AUD)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Industry Vertical		
Banking, Financial and Insurance	15,025,524	14,131,767
Total	15,025,524	14,131,767

Notes forming part of the Financial Statements

Revenue disaggregation by geography is as follows:

(Amount in AUD)

Geography

APAC

India

Total

For the year ended March 31, 2020	For the year ended March 31, 2019
2,484,818	2,696,329
12,540,706	11,435,438
15,025,524	14,131,767

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in AASB 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc. The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is AUD 3,303,275 out of which AUD 2,350,703 (71.16%) is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

(Amount in AUD)

Movement in contract liability is given below :

Opening balance as on April 1, 2019

- Revenue recognised during the year

+ Invoices raised during the year

+/- Translation

Closing balance as on March 31, 2020

For the year ended March 31, 2020	For the year ended March 31, 2019
244,247	10,508,229
(244,247)	(10,491,806)
310,602	285,286
(1,010)	(57,462)
309,592	244,247

Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from

- The inability of our customers to continue their businesses due to financial resource constraints or their services no longer being availed by their customers
- Prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers not in a position to accept alternate delivery modes using Secured Borderless WorkSpaces
- customers postponing their discretionary spend due to change in priorities

The Company has assessed that customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to

Notes forming part of the Financial Statements

dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meeting its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage-completion-basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

5. Income tax expense

(Amount in AUD)

	As at March 31, 2020	As at March 31, 2019
Current tax expenses	(3,819,949)	(1,605,608)
Deferred tax expenses	(134,618)	(2,095,357)
Total	(3,954,567)	(3,700,965)
Reconciliation of effective tax rate		
Profit before tax	13,238,007	10,321,171
Current tax provision	3,971,402	3,096,351
Prior year tax Current tax	58,023	674,449
Prior year tax Deferred tax	3,078	(82,531)
Tax at different rate	(77,936)	20,401
Disallowable expenses	-	(7,705)
Total	3,954,567	3,700,965

6. Auditor's Remuneration

(Amount in AUD)

	As at March 31, 2020	As at March 31, 2019
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	41,574	39,727
Total	41,574	39,727

7. Cash and Cash equivalents

(Amount in AUD)

	As at March 31, 2020	As at March 31, 2019
Cash at banks	9,251,484	18,596,045
Total	9,251,484	18,596,045

Notes forming part of the Financial Statements

8. Trade and other receivables

(Amount in AUD)

	As at March 31, 2020	As at March 31, 2019
Trade receivables	1,228,114	827,787
Allowance for impairment of receivables	(73,734)	(193,369)
Amounts due from related parties	11,605,618	6,594,318
Accrued income	1,173,271	1,504,754
Other receivables	796	4,858
Total	13,934,065	8,738,348

9. Other current assets

(Amount in AUD)

	As at March 31, 2020	As at March 31, 2019
Prepayments	162,823	195,216
Contract assets	126,289	-
Other	31,998	36,683
Total	321,110	231,899

Movement in contract assets is given below :

(Amount in AUD)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance as on April 1, 2019	-	557,401
- Revenue recognised during the year	589,368	(555,003)
- Invoices raised during the year	(471,600)	(23,527)
+ Translation	8,521	21,129
Closing balance as on March 31, 2020	126,289	-

10. Deferred tax assets

(Amount in AUD)

	As at March 31, 2020	As at March 31, 2019
Non-current		
Deferred tax asset	173	134,792
Total	173	134,792

Notes forming part of the Financial Statements

Movement in Deferred tax balance

(Amount in AUD)

March 31, 2020

	Opening	Recognised in profit & loss	Closing
Intangible	3,718	(1,197)	2,521
Doubtful debts	58,011	(35,891)	22,120
Unearned Income	73,274	19,668	92,942
Other temporary differences	(211)	(117,199)	(117,410)
Total	134,792	(134,619)	173

March 31, 2019

Intangible	5,265	(1,547)	3,718
Doubtful debts	187,367	(129,356)	58,011
Unearned Income	2,059,237	(1,985,963)	73,274
Other temporary differences	(21,720)	21,509	(211)
Total	2,230,149	(2,095,357)	134,792

11. Investment in subsidiary

(Amount in AUD)

Non-Current

Investments in controlled entities at cost

Total

For the year ended March 31, 2020	For the year ended March 31, 2019
7,227,539	7,227,539
7,227,539	7,227,539

Subsidiary

(Amount in AUD)

Name

TCS Financial Solutions Beijing Co. Ltd

Country of incorporation	% Equity Interest	
	March 31, 2020	March 31, 2019
China	100%	100%

At reporting date, TCS Financial Solutions Australia Pty Limited has 100% equity interest in TCS Financial Solutions Beijing Co. Limited.

Notes forming part of the Financial Statements

12. Trade and other payables

(Amount in AUD)

	As at March 31, 2020	As at March 31, 2019
Current		
Trade payables	89	-
Amounts due to related parties	20,326,663	18,370,243
Accrued expenses	258,291	145,881
Unearned income	309,592	244,246
Total	20,894,635	18,760,370

13. Share capital

(Amount in AUD)

	As at March 31, 2020	As at March 31, 2019
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 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.

14. Reserves

a. 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 at March 31, 2020 AUD (542,957) and in March 31, 2019 AUD 32,823.

b. Profit reserve

The profit reserve comprises the transfer of profit for the year, Dividend of AUD 15,000,000 distributed during the year for year ending March 31, 2020.

c. Dividend

(Amount in AUD)

	As at March 31, 2020	As at March 31, 2019
Final dividend for FY 2019	15,000,000	-
Final dividend for FY 2018	-	5,000,000

Notes forming part of the Financial Statements

15. Contingent Liabilities

The Company had no contingent liabilities or assets as at March 31, 2020 (Nil; March 31, 2019).

16. Cash Flow Information

(Amount in AUD)

	As at March 31, 2020	As at March 31, 2019
Reconciliation of Cash Flow from Operations with result		
Profit after income tax	9,283,440	6,620,206
Non-cash items in operating profit		
Income tax expense	3,954,567	3,700,965
Movement in foreign currency translation reserve	(575,780)	(300,168)
Changes in assets and liabilities		
(Increase)/ decrease in trade and other receivables	(5,195,718)	3,263,391
(Increase) / decrease in other assets	(89,210)	1,209,399
Increase / (decrease) in trade and other payables	67,266	(3,575,726)
(Increase) / decrease in provision	(36,177)	36,177
Cash generated from operations	7,408,388	10,954,244
Income tax paid	(1,752,949)	(1,890,541)
Net Cash generated from operations	5,655,439	9,063,703

17. Events after balance sheet date

No matters or circumstances have arisen since the end of March 31, 2020, 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.

DIRECTORS' DECLARATION

1. In the opinion of the directors of TCS Financial Solutions Australia Pty Limited ("the company")
 - a. The Company is not publicly accountable nor a reporting entity.
 - b. The financial statements and notes, set out on pages (22.8 to 22.20), are in accordance with the Corporations Act 2001,
 - (i) giving a true and fair view of the Company's financial position as at March 31, 2020 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 a resolution of the directors

Neville J Roach

Director

Dated this May 15th, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF TCS FINANCIAL SOLUTIONS AUSTRALIA PTY LTD.

Opinion

We have audited the Financial Report of TCS Financial Solutions Australia Pty Limited (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's financial position as at 31 March 2020 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 2020
- 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 (including Independence Standards) (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.

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 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 Directors of TCS Financial Solutions Australia Pty Limited and should not be used by parties other than the Directors of TCS Financial Solutions Australia Pty Limited. 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 Limited or for any purpose other 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 and have determined that the basis of preparation described in Note 2 to the Financial Report is appropriate to meet the requirements of the Corporations Act 2001 and the needs of the Directors
- 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 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 the 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/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

Dated this May 15th, 2020

Niraj Singh

Partner
Sydney

TCS FINANCIAL SOLUTIONS BEIJING CO., LTD.

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS

FOR THE YEAR FROM 1 JANUARY 2019 TO 31 DECEMBER 2019

**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 2019

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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 23.4 to 23.12, which comprise the balance sheet as at 31 December 2019, the income statement, the cash flow statement 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 2019, 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.

- 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

KPMG Hua Zhen Shen Zi No. 2002759

30 April 2020

Certified Public Accountants

Registered in the People's Republic of China
Zhang Hui,
Liu Huan
Beijing, China

Balance sheet as at 31 December 2019

(Expressed in Renminbi Yuan)

	Note	2019	2018
ASSETS			
Current assets			
Cash at bank and on hand	5	24,364,215.20	19,574,121.24
Accounts receivable	6	37,877,048.15	39,718,156.97
Other receivables	7	84,592.88	50,835.35
Deferred expenses		501,936.18	704,360.47
Payments in advance		-	12,070.01
Interest receivables		5,109.18	1,218.08
Total current assets		62,832,901.59	60,060,762.12
Fixed assets			
Original carrying amount		3,143,583.40	2,793,062.66
Less: Accumulated depreciation		(2,776,663.94)	(2,713,699.91)
Net carrying amount of fixed assets	8	366,919.46	79,362.75
Intangible assets and other assets			
Intangible assets		20,701.85	28,699.84
TOTAL ASSETS		63,220,522.90	60,168,824.71
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Accounts payable		33,009,603.59	45,713,571.65
Receipt in advance		212,676.80	-
Accrued payroll		4,509,148.74	4,365,923.85
Taxes payable	4(c)	421,065.28	726,051.10
Other payables		582,575.11	847,195.18
Accrued expenses		365,562.92	120,900.62
Total current liabilities		39,100,632.44	51,773,642.40
Total liabilities		39,100,632.44	51,773,642.40
Owners' equity			
Paid-in capital	9	36,660,950.00	36,660,950.00
Surplus reserve	10	1,397,460.41	1,397,460.41
Accumulated losses		(13,938,519.95)	(29,663,228.10)
Total owners' equity		24,119,890.46	8,395,182.31
TOTAL LIABILITIES AND OWNERS' EQUITY		63,220,522.90	60,168,824.71

THE NOTES ON PAGE 23.7 TO 23.12 FORM PART OF THESE FINANCIAL STATEMENTS.

Suneet Puri
Authorized representative
(Signature and stamp)

Manavala Ramanujan S
Head of Finance
(Signature and stamp)

Xin Guan
Finance Manager
(Signature and stamp)

(Company stamp)

Income statement for the year ended 31 December 2019

(Expressed in Renminbi Yuan)

	Note	2019	2018
SALES FROM PRINCIPAL ACTIVITIES	11	79,184,835.63	52,903,844.47
Less: Cost of sales from principal activities		41,364,424.74	37,040,070.28
Business taxes and surcharges from principal activities	4(a)	539,570.25	469,311.93
PROFIT FROM PRINCIPAL ACTIVITIES		37,280,840.64	15,394,462.26
Less: Operating expenses		9,651,593.45	7,500,005.38
General and administrative expenses		12,514,079.38	18,279,810.47
Financial net expenses/(income)	12	45,930.50	(634,790.98)
OPERATING PROFIT/(LOSS)		15,069,237.31	(9,750,562.61)
Add: Non-operating income	13	655,470.84	118,859.14
Less: Non-operating expenses		-	958,604.00
PROFIT/(LOSS) BEFORE INCOME TAX		15,724,708.15	(10,590,307.47)
Less: Income tax	4(b)	-	-
NET PROFIT/(LOSS) FOR THE YEAR		15,724,708.15	(10,590,307.47)

THE NOTES ON PAGE 23.7 TO 23.12 FORM PART OF THESE FINANCIAL STATEMENTS.

Statement of Cash flow for the year ended December 31, 2019

(Expressed in Renminbi Yuan)

	Note to the cash flow statement	2019	2018
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods and rendering of services		86,278,135.59	80,144,238.78
Refund of taxes		-	119,013.56
Cash received relating to other operating activities		190,567.22	1,696,835.10
Sub-total of cash inflows		86,468,702.81	81,960,087.44
Cash paid for goods and services		(17,883,355.06)	(12,998,131.13)
Cash paid to and for employees		(54,377,644.35)	(51,286,616.60)
Cash paid for all types of taxes		(4,880,851.92)	(4,499,207.51)
Cash paid relating to other operating activities		(4,127,905.20)	(6,526,787.94)
Sub-total of cash outflows		(81,269,756.53)	(75,310,743.18)
Net cash inflow from operating activities	i	5,198,946.28	6,649,344.26
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for acquisition of fixed assets and intangible assets		(350,520.74)	-
Sub-total of cash outflows		(350,520.74)	-
Net cash outflow from investing activities		(350,520.74)	-
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from borrowings		4,000,000.00	7,000,000.00
Sub-total of cash inflows		4,000,000.00	7,000,000.00
Cash repayments of borrowings		(4,000,000.00)	(7,000,000.00)
Cash paid for interest expense		(46,756.17)	(60,027.40)
Sub-total of cash outflows		(4,046,756.17)	(7,060,027.40)
Net cash outflow from financing activities		(46,756.17)	(60,027.40)
4. Effect of foreign exchange rate changes on cash		(11,575.41)	1,503,424.21
5. Net increase in cash and cash equivalents	ii	4,790,093.96	8,092,741.07
Notes to the cash flow statement			
i. Reconciliation of net profit/loss to cash flows from operating activities			
Net profit/(loss)		15,724,708.15	(10,590,307.47)
Add: Depreciation of fixed assets		62,964.03	129,912.02
Amortisation of intangible assets		7,997.99	8,014.58
Amortisation of long-term deferred		-	11,664.99
Decrease/(Increase) in deferred expenses		202,424.29	(236,541.87)
Increase/(Decrease) in accrued expenses		244,662.31	(918,571.50)
Financial expenses		58,331.58	-
Decrease in gross operating receivables		1,815,530.20	34,075,647.07
Decrease in operating payables		(12,917,672.27)	(15,830,473.56)
Net cash inflow from operating activities		5,198,946.28	6,649,344.26
ii. Net increase in cash and cash equivalents			
Cash at the end of the year		24,364,215.20	19,574,121.24
Less: Cash at the beginning of the year		19,574,121.24	11,481,380.17
Net increase in cash and cash equivalents		4,790,093.96	8,092,741.07

THE NOTES ON PAGE 23.7 TO 23.12 FORM PART OF THESE FINANCIAL STATEMENTS.

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 December 2006, and a business licence No.110000410305201 on 29 December 2006 issued by Beijing Administration of Industry and Commerce of the PRC. The original registered capital was USD 250,000.

On January 8, 2016, the Company obtained approval from the Commercial Committee of Haidian District, Beijing. The registered capital of the Company increased by \$5,000,000, from \$250,000 to \$5,250,000. On November 06, 2017, the Company received the updated business license of Enterprise Legal Person No. 9111010579670220XQ.

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 December 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 (see Note 3(g)) and the transactions referred to below, 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 3(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%~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 3(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 fixed assets and intangible 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) 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

Notes forming part of the Financial Statements

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) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable rate.

(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.

(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 16% (from 1 April 2019, adjust to 13%) and 6% of product sales and 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.

(b) Income tax

The statutory income tax rate of the Company is 25% (2018: 25%).

(c) Taxes payable

(Expressed in Renminbi Yuan)

	2019	2018
VAT payable	375,951.61	692,422.14
Others	45,113.67	33,628.96
Total	421,065.28	726,051.10

Notes forming part of the Financial Statements

5. Cash at bank and on hand

(Expressed in Renminbi Yuan)

Cash at bank

Total

2019	2018
24,364,215.20	19,574,121.24
24,364,215.20	19,574,121.24

6. Accounts receivable

The ageing analysis of the Company's accounts receivable is as follows:

(Expressed in Renminbi Yuan)

	2019			2018		
	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	22,481,317.72	59.35	-	11,574,218.27	29.14	-
After 1 year but within 2 years	4,825,487.47	12.74	-	14,860,559.19	37.42	-
After 2 years	10,570,242.96	27.91	-	13,283,379.51	33.44	-
Total	37,877,048.15	100.00	-	39,718,156.97	100.00	-

Accounts receivables with aging above 1 year are unbilled revenue, which are expect to be billed and collected in 2020. No bad debt provision is recognized.

7. Other receivables

The ageing analysis of the Company's other receivables is as follows:

(Expressed in Renminbi Yuan)

	2019			2018		
	RMB	Percentage of total other receivables	Bad debt provision	RMB	Percentage of total other receivables	Bad debt provision
Within 1 year	84,592.88	100	-	42,559.29	83.72	-
After 1 year but within 2 years	-	-	-	3,400.00	6.69	-
After 2 years	-	-	-	4,876.06	9.59	-
Total	84,592.88	100	-	50,835.35	100.00	-

The ageing is counted starting from the date when other receivables are recognised.

8. Fixed assets

(Expressed in Renminbi Yuan)

Cost

As at 31 December 2018

Additions

As at 31 December 2019

Accumulated depreciation

As at 1 January 2019

Charge for the year

As at 31 December 2019

Carrying amount

As at 31 December 2019

As at 31 December 2018

Office equipment	Office furniture	Total
2,310,765.01	482,297.65	2,793,062.66
350,520.74	-	350,520.74
2,661,285.75	482,297.65	3,143,583.40
(2,282,706.72)	(430,993.19)	(2,713,699.91)
(56,350.11)	(6,613.92)	(62,964.03)
(2,339,056.83)	(437,607.11)	(2,776,663.94)
322,228.92	44,690.54	366,919.46
28,058.29	51,304.46	79,362.75

Notes forming part of the Financial Statements

9. Paid-In Capital

Registered Capital	2019		2018	
	Amount USD	%	Amount USD	%
TCS Financial Solutions Australia Pty. Ltd.	5,250,000.00	100	5,250,000.00	100

Paid-in capital	2019			2018		
	Amount in original currency USD	Amount in RMB equivalent	%	Amount in original currency USD	Amount in RMB equivalent	%
TCS Financial Solutions Australia Pty. Ltd.	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).

10. Surplus reserve

(Expressed in Renminbi Yuan)

Surplus reserve as at 31 December	2019	2018
	1,397,460.41	1,397,460.41

11. Sales from principal activities

(Expressed in Renminbi Yuan)

	2019	2018
Revenue from providing services	79,184,835.63	43,760,195.74
Revenue from transferring software license	-	9,143,648.73
Total	79,184,835.63	52,903,844.47

12. Financial net expenses /(income)

(Expressed in Renminbi Yuan)

	2019	2018
Interest expense	46,756.17	60,027.40
Interest income	(36,682.47)	(13,284.12)
Bank charges	11,882.68	7,617.86
Net exchange losses/(gains)	23,974.12	(689,152.12)
Total	45,930.50	(634,790.98)

13. Non-operating expenses

(Expressed in Renminbi Yuan)

	2019	2018
Unpayable tax	420,830.09	-
Value added tax subsidy	35,115.79	-
Others	199,524.96	118,859.14
Total	655,470.84	118,859.14

Notes forming part of the Financial Statements

14. 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
TCS Financial Solutions Australia Pty. Ltd.	Australia	Development and sale of specialist banking software	Parent company	Australian Proprietary Company	Mr. Rajendra Moholkar

Registered capital of related parties with controlling relationships and its changes

	At the beginning and end of the year
TCS Financial Solutions Australia Pty. Ltd.	USD5,250,000

Equity interests held by related parties with controlling relationships and their changes

	At the beginning and end of the year	
		%
TCS Financial Solutions Australia Pty. Ltd.	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 Co., 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)

	2019	2018
Technical Service Income	437,900.54	10,335,944.77
Other Incomes	-	(958,604.37)
Purchases of software licenses	23,782.86	1,022,345.16
Housing rentals	1,082,758.60	1,034,514.45
Interests on Loans	44,109.59	60,027.40
Brand equity expenses	281,147.75	-

(ii) The balances of related party receivables, payables and borrowings at the year end are summarised as follows:

(Expressed in Renminbi Yuan)

	2019	2018
Accounts receivable	991,434.00	1,874,233.31
Accounts payable	23,796,598.88	33,478,750.74

15. 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)

	2019	2018
Within 1 year	34,200.00	34,200.00

TATA CONSULTANCY SERVICES MALAYSIA SDN. BHD.

(Registration No. 200301022873 (625293-W))

(Incorporated in Malaysia)

ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the year ended
31 March 2020**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 March 2020.

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
Loss for the year	5,407,207

Reserves and Provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

Dividends

Since the end of the previous financial year, the Company paid a final single tier ordinary dividend of RM15 per ordinary share totalling RM30,000,000 in respect of the financial year ended 31 March 2019.

The Directors do not recommend any final 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
 Girish Payangatiri Ramachandran
 Kumar Natarajan
 Kunnumal Sudeep
 Manoj Ranjitsinh Rajput (Appointed on 9th May 2019)

Directors' Interests in Shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations 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 1.4.2019/ date of appointment	Bought	Sold	At 31.3.2020
Penultimate holding company				
Tata Consultancy Services Limited				
Direct interests:				
Girish Payangatiri Ramachandran	11,000	-	-	11,000
Kumar Natarajan	3,200	150	-	3,350
Kunnumal Sudeep	560	-	-	560
Manoj Ranjitsinh Rajput	8,500	-	-	8,500

The other Director holding office at 31 March 2020 did not have 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 2020 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.

Significant event

The coronavirus (Covid-19) pandemic was announced by the World Health Organisation in March 2020 given the outbreak of the virus in countries across the world including Malaysia. The Covid-19 pandemic has resulted in disruptions to businesses and various macro-economic impacts.

While the Company considers that the effects related to this outbreak to be an adjusting event as the condition exists as at 31 March 2020, the impacts might only be felt during the next financial year given the close proximity between the outbreak and the end of the reporting period. The current and potential impacts and considerations arising from Covid-19 have been further disclosed in the notes to the financial statements.

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:

.....
Manoj Ranjitsinh Rajput

Director
Kuala Lumpur
Date: 19th May 2020

.....
Abdullah Bin Abd Hamid

Director
Kuala Lumpur
Date: 19th May 2020

Statement of Financial Position as at 31 March 2020

(Amount in RM)

	Note	2020	2019
ASSETS			
Plant and equipment	3	3,613,502	3,140,386
Other investment	4	3,679	3,679
Deferred tax assets	5	855,821	869,324
Other receivables	6	712,027	303,356
Total non-current assets		5,185,029	4,316,745
Current tax assets		5,711,045	4,710,038
Trade and other receivables	6	91,607,825	111,607,626
Cash and cash equivalents	7	12,939,559	32,276,733
Total current assets		110,258,429	148,594,397
TOTAL ASSETS		115,443,458	152,911,142
EQUITY			
Share capital	8	2,000,000	2,000,000
Retained earnings		47,452,632	82,859,839
Total equity		49,452,632	84,859,839
LIABILITIES			
Trade and other payables	9	65,990,826	68,051,303
Total current liabilities		65,990,826	68,051,303
Total liabilities		65,990,826	68,051,303
TOTAL EQUITY AND LIABILITIES		115,443,458	152,911,142

The notes on pages 9 to 27 are an integral part of these financial statements.

Statement of Comprehensive Income for the year ended 31 March 2020

(Amount in RM)

	Note	2020	2019
Revenue	10	248,890,270	293,179,889
Cost of sales		(211,995,715)	(237,454,004)
GROSS PROFIT		36,894,555	55,725,885
Other income		1,064,341	714,776
Administrative expenses		(28,344,566)	(33,041,630)
Other expenses		(14,996,221)	(12,072,200)
RESULTS FROM OPERATING ACTIVITIES		(5,381,891)	11,326,831
Finance income		70,668	-
(LOSS)/PROFIT BEFORE TAX	11	(5,311,223)	11,326,831
Tax expense	12	(95,984)	(3,215,336)
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		(5,407,207)	8,111,495

The notes on pages 9 to 27 are an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2020

(Amount in RM)

		Non-distributable Share capital	Distributable Retained Earnings	Total equity
At 1 April 2018		2,000,000	74,748,344	76,748,344
Profit and total comprehensive income for the year		-	8,111,495	8,111,495
At 31 March 2018/1 April 2019		2,000,000	82,859,839	84,859,839
Loss and total comprehensive expense for the year		-	(5,407,207)	(5,407,207)
Dividends to owner of the Company	13	-	(30,000,000)	(30,000,000)
At 31 March 2020		2,000,000	47,452,632	49,452,632

Note 8

The notes on pages 9 to 27 are an integral part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2020

(Amount in RM)

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss/(Profit) before tax		(5,311,223)	11,326,831
<i>Adjustments for:</i>			
Depreciation of plant and equipment	3	1,109,582	751,899
Dividend income	11	(107,773)	[48,412]
Finance income	11	(70,668)	-
Unrealised foreign exchange gain	11	(561,751)	[153,384]
Operating (loss)/profit before changes in working capital		(4,941,833)	11,876,934
Change in trade and other receivables		20,137,381	[16,845,589]
Change in trade and other payables		(2,351,752)	21,622,878
Cash generated from operations		12,843,796	16,654,223
Tax paid		(3,320,945)	[5,329,630]
Tax refund		2,237,457	-
Net cash from operating activities		11,760,308	11,324,593
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment	3	(1,582,698)	[2,293,889]
Dividends received from investment in unquoted shares		107,773	48,412
Interest received		70,668	-
Net cash used in investing activities		(1,404,257)	[2,245,477]
Cash flows from financing activities			
Dividends to owner of the Company	13	(30,000,000)	-
Net cash used in financing activities		(30,000,000)	-
Net (decrease)/increase in cash and cash equivalents		(19,643,949)	9,079,116
Effect of exchange rate fluctuations on cash held		306,775	194,987
Cash and cash equivalents at 1 April 2019/2018		32,276,733	23,002,630
Cash and cash equivalents 31 March	7	12,939,559	32,276,733

The notes on pages 9 to 27 are an integral part of these financial statements.

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

Level 22A, Axiata Tower
No.9, Jalan Stesen Sentral 5
50470, Kuala Lumpur Sentral
Kuala Lumpur, Malaysia

Registered office

12th Floor, Menara Symphony, No.5,
Jalan Prof. Khoo Kay Kim,
Seksyen 13
46200 Petaling Jaya
Kuala Lumpur, Malaysia

The Company is principally engaged in the provision of end-to-end information technology consulting and software services.

The immediate holding company during the financial year was Tata Consultancy Asia Pacific Pte. Ltd., a company incorporated in Singapore. The penultimate and ultimate holding companies during the financial year were Tata Consultancy Services Limited and Tata Sons Limited. Both companies were incorporated in India.

These financial statements were authorised for issue by the Board of Directors on 19th May 2020

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 other than those disclosed in Note 10 - revenue.

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.

All financial assets 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.

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.

(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

Notes forming part of the Financial Statements

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 income" or "other expenses" respectively in profit or loss.

(iii) 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. Capital work-in-progress 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
• Leasehold improvements	Lease period
• Office equipment	5 years

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) 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. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Notes forming part of the Financial Statements

(e) Amount due from/to contract customers

Amount due from contract customers represents 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 billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers which is part of trade and other payables in the statement of financial position.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

(g) Impairment of non-financial assets

The carrying amounts of non-financial assets (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 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.

(h) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

(i) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes forming part of the Financial Statements

(iii) 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.

(j) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(k) Revenue and other income

(i) Goods sold and services

The Company earns revenue from services rendered in relation to information technology and consultancy services. 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.

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 of such contracts are recognised when probable.

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 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.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences 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.

Notes forming part of the Financial Statements

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.

3. PLANT AND EQUIPMENT

(Amount in RM)

	Computers	Furniture and fittings	Leasehold improvements	Office equipment	Capital work-in-progress	Total
Cost						
At 1 April 2019	4,110,651	694,446	246,778	199,543	1,792,381	7,043,799
Additions	1,008,655	-	-	299,872	274,171	1,582,698
Transfer	120,996	-	1,583,650	4,385	(1,709,031)	-
At 31 March 2020	5,240,302	694,446	1,830,428	503,800	357,521	8,626,497
Depreciation						
At 1 April 2019	2,884,967	637,653	241,070	139,723	-	3,903,413
Depreciation for the year	753,634	12,118	289,218	54,612	-	1,109,582
At 31 March 2020	3,638,601	649,771	530,288	194,335	-	5,012,995
Carrying amounts						
At 1 April 2019	1,225,684	56,793	5,708	59,820	1,792,381	3,140,386
At 31 March 2020	1,601,701	44,675	1,300,140	309,465	357,521	3,613,502

4. INVESTMENT IN UNQUOTED SHARES

(Amount in RM)

	2020	2019
At cost		
Unquoted shares	3,679	3,679

5. DEFERRED TAX ASSETS

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities attributable to the following:

(Amount in RM)

	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
Plant and equipment	-	-	(307,868)	(158,510)	(307,868)	(158,510)
Other items	843,813	1,027,834	-	-	843,813	1,027,834
Capital allowance	207,008	-	-	-	207,008	-
carry forwards						
Tax loss carry forwards	112,868	-	-	-	112,868	-
	1,163,689	1,027,834	(307,868)	(158,510)	855,821	869,324

Notes forming part of the Financial Statements

Movements in temporary differences during the year:

(Amount in RM)

	At 1 April 2018	Recognised in profit or loss (Note 12)	At 31 March 2019/ 1 April 2019	Recognised in profit or loss (Note 12)	At 31 March 2020
Plant and equipment	(118,599)	(39,911)	(158,510)	(149,358)	(307,868)
Other items	2,007,992	(980,158)	1,027,834	(184,021)	843,813
Capital allowance carry forwards	-	-	-	207,008	207,008
Tax loss carry forwards	-	-	-	112,868	112,868
	1,889,393	(1,020,069)	869,324	(13,503)	855,821

Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which these assets can be utilised. The tax loss carry-forwards can be carried forward up to 7 consecutive years of assessment.

6. TRADE AND OTHER RECEIVABLES

(Amount in RM)

	Note	2020	2019
Non-current			
Non-trade			
Refundable deposits		303,356	303,356
Prepayment – third parties		408,671	-
		712,027	303,356
Current	.1		
Trade			
Trade receivables		38,694,168	69,421,387
Amounts due from:			
- immediate holding company	6.1	978,084	44,346
- penultimate holding company	6.1	13,351,446	4,154,603
- related companies	6.1	2,723,158	589,373
Amount due from contract customers		31,803,832	30,324,984
		87,550,688	104,534,693
Non-trade			
Other receivables		3,135,624	1,765,795
Refundable deposits		151,134	2,614,926
Prepayments			
- third parties		9,086	1,816,702
- penultimate holding company	6.2	761,293	875,510
		4,057,137	7,072,933
		91,607,825	111,607,626
		92,319,852	111,910,982

6.1 The trade amounts due from immediate holding company, penultimate holding company and related companies are unsecured and the normal trade credit terms is 30 days (2019: 30 days).

6.2 The non-trade prepayment from penultimate holding company is unsecured and interest free.

Notes forming part of the Financial Statements

7. CASH AND CASH EQUIVALENTS

(Amount in RM)

	2020	2019
Cash and bank balances	12,939,559	32,276,733

8. SHARE CAPITAL

(Amount in RM)

	Number of shares	Amount
Ordinary shares		
Issued and fully paid with no par value:		
At 1 April 2019/31 March 2020	2,000,000	2,000,000

Ordinary shares

The holder of ordinary shares is entitled to receive dividends as declared from time to time, and is entitled to one vote per share at meetings of the Company.

9. TRADE AND OTHER PAYABLES

(Amount in RM)

	Note	2020	2019
Trade			
Amount due to contract customers		4,049,773	4,087,532
Non-trade			
Other payables		7,196,761	8,429,988
Amounts due to:			
- immediate holding company	9.1	5,586,381	1,367,660
- penultimate holding company	9.1	36,708,766	37,152,809
- ultimate holding company	9.1	-	599,671
- related companies	9.1	179,941	48,220
Accruals		12,269,204	16,365,423
		61,941,053	63,963,771
		65,990,826	68,051,303

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

(Amount in RM)

	2020	2019
Rendering of consultancy services	240,115,525	284,812,770
Sale of equipment and software licenses	8,774,745	8,367,119
	248,890,270	293,179,889

Notes forming part of the Financial Statements

Impact of Covid-19

Current financial year

The Company has considered such impact to the extent known and available currently. The Company reassessed the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays/ increased costs in meeting its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage-completion-basis.

The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised service level agreements in light of the current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

Future financial years

While the Company strongly believes that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from:

- the inability of customers to continue their businesses due to financial resource constraints or services of the Company no longer being availed by their customers;
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility;
- customers not in a position to accept alternate delivery modes using Secured Borderless Workspaces; and
- customers postponing their discretionary spend due to change in priorities.

The Company has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spending in the immediate future to conserve resources.

Hence, focus is placed on these portfolios of customers in terms of assessing the impact to revenue recognised in the current financial year as well as future revenue streams.

11. (LOSS)/PROFIT BEFORE TAX

(Amount in RM)

(Loss)/Profit before tax is arrived at after charging/(crediting):

Auditors' remunerations:

Audit fees:

- KPMG PLT

Material expense/(income):

Depreciation on plant and equipment

Dividend income from investments in unquoted shares

Impairment loss/(Reversal of impairment loss) on receivables

Interest income of financial assets that are not measured at fair value through profit or loss

Personnel expenses:

- Salaries and bonuses
- Contributions to defined contribution plan
- Social security contributions
- Other employees benefits

Realised loss on foreign exchange

Unrealised foreign exchange gain

2020	2019
30,000	30,000
1,109,582	751,899
(107,773)	(48,412)
1,650,777	(21,355)
(70,668)	-
130,805,503	143,707,494
4,109,648	3,008,294
601,366	490,602
5,514,003	6,781,031
104,418	152,003
(561,751)	(153,384)

Notes forming part of the Financial Statements

12. TAX EXPENSE

(Amount in RM)

Current tax expense

- current year
- Prior year

Total current tax recognised in profit or loss

Deferred tax expense

- origination and reversal of temporary differences

Total deferred tax recognised in profit or loss (Note 5)

Total income tax expense

2020	2019
7,898	2,210,802
74,583	[15,535]
82,481	2,195,267
13,503	1,020,069
13,503	1,020,069
95,984	3,215,336

Income tax expense of RM95,984 despite a loss making position is mainly due to certain items of expenses not deductible for tax purposes.

13. DIVIDENDS

Dividends recognised by the Company:

(Amount in RM)

Final 2019 ordinary

Total amount
30,000,000

14. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

(Amount in RM)

Not later than one year

Later than one year but not later than five years

2020	2019
775,260	853,202
2,186,198	2,861,506
2,961,458	3,714,708

The Company leases a number of office premises, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

Impact of Covid-19

Current financial year

The Company has not reduced its employee base, nor have there been any changes in the terms of the above leases.

Future financial years

The Company does not foresee any large-scale contraction in demand which could result in significant downsizing of its employee base, rendering the physical infrastructure redundant. The leases that the Company have entered into with lessors for properties used as delivery centers/ sales offices are long-term in nature and there are currently no changes in the terms of those leases.

Notes forming part of the Financial Statements

15. FINANCIAL INSTRUMENTS

15.1 Categories of financial instrument

The trade and other receivables (excluding prepayments), cash and cash equivalents and trade and other payables are categorised as financial assets and financial liabilities measured at amortised cost, while the other investment is categorised as financial assets that are equity instruments measured at cost less impairment ("CLI").

15.2 Net gains and losses arising from financial instruments

(Amount in RM)

	2020	2019
Net gains/(losses) on:		
Financial assets measured at amortised cost	(801,155)	375,776
Financial liabilities measured at amortised costs	(321,621)	(353,040)
Financial assets that are equity instruments measured at cost less impairment	107,773	48,412
	(1,015,003)	71,148

Impact of Covid-19

Current financial year

Trade and other receivables form the most significant component of the Company's financial assets, of which the recoverability of trade receivables and amount due from contract customers has to be considered for.

In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default as a result of emerging situations due to Covid-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable from.

The Company has specifically evaluated the potential impact with respect to customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals, which could have an immediate impact and the rest which could have an impact with a lag.

The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of amount due from contract customers while arriving at the level of provision that is required. The impairment made for receivables during the current financial year has taken into considerations the above assessment.

Notes forming part of the Financial Statements

16. RELATED PARTIES

Significant related parties transactions

Significant related party transactions of the Company are shown below. The balances to the below transactions are shown in Notes 6 and 9.

	(Amount in RM)	
	2020	2019
Project costs and other expenses charged for the financial year		
- Related companies	(18,187,433)	(10,600,840)
- Penultimate holding company	(13,986,033)	(6,764,930)
- Immediate holding company	(2,965,663)	(107,163)
Project costs and other expenses incurred for the financial year		
- Penultimate holding company	62,893,220	71,662,151
- Immediate holding company	4,311,586	3,735,452
- Ultimate holding company	-	599,670
- Related companies	268,597	236,981
Staff costs incurred/(charged) for the financial year		
- Penultimate holding company	41,017,633	45,940,165
- Immediate holding company	373,024	725,553
- Related companies	-	(8,876)
Dividend income		
- Related company	(107,773)	(48,412)
Key management personnel Directors		
Professional fees paid to a Director of the Company	120,000	120,000
Emoluments other than fees	412,944	1,026,461

The estimated monetary value of benefits-in-kind provided to a Director is RM27,277 (2019: RM118,146).

17. COMMITMENTS

	(Amount in RM)	
	2020	2019
Capital expenditure commitments Plant and equipment		
Contracted but not provided for	404,141	-

18. COMPARATIVE FIGURES

Certain comparatives have been restated to conform with the current year's presentation.

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 27 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 2020 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Manoj Ranjitsinh Rajput

Director

Date: 19th May 2020

.....
Abdullah Bin Abd Hamid

Director

Date: 19th May 2020

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, Manoj Ranjitsinh Rajput, 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 27 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Oaths and Declaration Act (Cap 211).

Subscribed and solemnly declared by the abovenamed Manoj Ranjitsinh Rajput, Passport Number: Z4636830, at The Republic of Singapore on 2nd June 2020.

.....
Manoj Ranjitsinh Rajput

Director

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF

TATA CONSULTANCY SERVICES MALAYSIA SDN BHD
(Registration No. 200301022873 (625293-W))
(Incorporated in Malaysia)

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 2020, 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 27.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian 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 Matter

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT

(LLP0010081-LCA & AF 0758)
Chartered Accountants
Petaling Jaya, Selangor
Date: 19th May 2020

Eric Kuo Sze-Wei

Approval Number: 03473/11/2021 J
Chartered Accountant

TATA Consultancy Services (China) Co., Ltd.

ANNUAL FINANCIAL STATEMENTS

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS

FOR THE YEAR 1 JANUARY 2019 TO 31 DECEMBER 2019

**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 2019

CONTENT	PAGE
Auditors' Report	25.2
Balance Sheet	25.4
Statement of Income	25.5
Statement of Cash Flows	25.6
Notes forming part of the Financial Statements	25.7

INDEPENDENT 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 25.4 to 25.15, which comprise the balance sheet as at 31 December 2019, the income statement, the cash flow statement, 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 2019, 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

KPMG Huazhen No.2001585
Beijing, China

Certified Public Accountants

Registered in the People's Republic of China
Zhang Hui
Liu Huan
3 April 2020

Balance sheet as at 31 December 2019

[Expressed in Renminbi Yuan]

	Note	31 December 2019	31 December 2018
ASSETS			
Current assets			
Cash at bank and on hand	5	67,663,130.81	79,035,848.82
Accounts receivable	6	146,319,161.40	153,585,269.84
Prepayments		32,163.45	156,016.88
Other receivables	7	5,126,910.78	5,770,170.81
Deferred expenses		4,908,965.53	3,429,457.82
Other current assets		1,253,770.67	3,450,325.95
Total current assets		225,304,102.64	245,427,090.12
Fixed assets			
Fixed assets - original cost	8	81,080,728.22	91,228,248.48
Less: accumulated depreciation	8	53,548,817.35	61,025,490.02
Fixed assets - net book value	8	27,531,910.87	30,202,758.46
Construction in progress	9	-	133,620.65
Total fixed assets		27,531,910.87	30,336,379.11
TOTAL ASSETS		252,836,013.51	275,763,469.23
LIABILITIES AND OWNER'S EQUITY			
Current liabilities			
Accounts payable		43,895,729.15	47,442,098.34
Advances from customers		-	4,121,973.64
Salaries and employee benefits payable		32,947,629.08	35,209,440.96
Taxes payable	4(d)	5,184,799.83	4,823,642.70
Other payables		2,638,024.34	734,111.02
Accrued expenses		20,562,040.85	14,123,761.10
Total current liabilities		105,228,223.25	106,455,027.76
Total liabilities		105,228,223.25	106,455,027.76
Owners' equity			
Paid-in capital	10	201,936,346.00	201,936,346.00
Capital reserves	11	91,094.00	91,094.00
Surplus reserves	12	74,087.59	74,087.59
Accumulated losses	13	(54,493,737.33)	(32,793,086.12)
Total owner's equity		147,607,790.26	169,308,441.77
TOTAL LIABILITIES AND OWNERS' EQUITY		252,836,013.51	275,763,469.23

THE NOTES ON PAGES 25.7 TO 25.15 FORM PART OF THESE FINANCIAL STATEMENTS.

Suneet Puri

Authorized representative
(Signature and stamp)

Manavala Ramanujan S

Head of Finance
(Signature and stamp)

Shen Linzhi

Finance Manager
(Signature and stamp)

(Company stamp)

Income Statement For the year ended 31 December 2019

(Expressed in Renminbi Yuan)

	Note	2019	2018
SALES FROM PRINCIPAL ACTIVITIES	14	665,347,036.02	685,986,222.97
Less: Cost of sales from principal activities		527,844,352.73	548,860,434.99
Business taxes and surcharges from principal activities	4(a)	1,875,960.14	1,848,580.06
PROFIT FROM PRINCIPAL ACTIVITIES		135,626,723.15	135,277,207.92
Less: Operating expenses		16,888,161.13	15,871,479.27
General and administrative expenses		144,594,236.03	116,358,599.51
Finance net expenses/(income)	15	619,702.75	(3,149,617.65)
(Loss) / Profit from operations		(26,475,376.76)	6,196,746.79
Add: Subsidy income	16	3,393,289.00	4,838,376.00
Non-operating income	17	1,438,487.52	499,350.44
Less: Non-operating expenses		57,050.97	728,890.95
Profit / (loss) before tax		(21,700,651.21)	10,805,582.28
Less: Income taxes	4(c)	-	-
NET PROFIT / (LOSS) FOR THE YEAR		(21,700,651.21)	10,805,582.28

THE NOTES ON PAGES 25.7 TO 25.15 FORM PART OF THESE FINANCIAL STATEMENTS.

Cash flow statement
For the year ended 31 December 2019

(Expressed in Renminbi Yuan)

	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from sales of goods and rendering of services		691,986,438.63	726,243,562.32
Refund of taxes		2,564,222.70	4,356,349.57
Cash received relating to other operating activities		5,854,633.55	5,638,984.84
Sub-total of cash inflows		700,405,294.88	736,238,896.73
Cash paid for goods and services		97,343,252.28	122,006,689.63
Cash paid to and for employees		542,335,145.02	516,623,254.88
Cash paid for all types of taxes		21,391,503.52	21,398,220.69
Cash paid relating to other operating activities		39,626,218.11	42,368,683.40
Sub-total of cash outflows		700,696,118.93	702,396,848.60
Net cash (outflow)/inflow from operating activities	i	(290,824.05)	33,842,048.13
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash paid to acquire fixed assets and other long-term assets		10,751,730.35	15,154,554.91
Sub-total of cash outflows		10,751,730.35	15,154,554.91
Net cash outflow from investing activities		(10,751,730.35)	(15,154,554.91)
Effect of foreign exchange rate changes on cash and cash equivalents		(330,163.61)	289,401.68
Net (decrease)/increase in cash and cash equivalents	ii	(11,372,718.01)	18,976,894.90
Notes to the cash flow statement			
i Reconciliation of net (loss)/profit to cash flows from operating activities			
Net (loss)/profit		(21,700,651.21)	10,805,582.28
Add: (Reversal) / additions for impairment of receivable		(174,851.18)	363,985.33
Depreciation of fixed assets		13,556,198.59	12,060,651.14
Amortization of long-term deferred expenses		-	259,942.05
Decrease in prepaid expenses		-	(372,598.73)
Decrease/(increase) in accrued expense		6,438,279.75	(387,790.63)
Financial expenses		330,163.61	(289,401.68)
Decrease in operating receivables		8,925,120.65	13,756,922.27
Decrease in operating payables		(7,665,084.26)	(2,355,243.90)
Net cash (outflow)/inflow from operating activities		(290,824.05)	33,842,048.13
ii Net decrease of cash and cash equivalents			
Cash at the end of the year		67,663,130.81	79,035,848.82
Less: Cash at the beginning of the year		79,035,848.82	60,058,953.92
Net increase / (decrease) in cash and cash equivalents		(11,372,718.01)	18,976,894.90

THE NOTES ON PAGES 25.7 TO 25.15 FORM PART OF THESE FINANCIAL STATEMENTS.

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 CN 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 Information Technology (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 28 November, 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

TATA Consultancy Services Asia Pacific Pte Ltd.

Beijing Zhongguancun Software Park Development Co., Ltd.

Tianjin Huayuan Software Park Construction and Development Co., Ltd.

Total

Percentage of investment
93.20%
3.60%
3.20%
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 3(g)) 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 3(i)). 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. 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	-	5%-100%
Office and other equipment	4-10	-	10%-25%

Notes forming part of the Financial Statements

(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) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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 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.

Notes forming part of the Financial Statements

(n) 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
Value added tax	Output VAT is 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	7% of the actual value of VAT
Additional education fees	3% of the actual value of VAT
Local additional education fees	2% of the actual value of VAT
Enterprise income tax	Taxable income

(b) Tax preference and official documents

Tax exemption of offshore outsourcing revenue

According to Annex 4 of Cai Shui [2016] 36, Zero VAT Tax Rate and Tax Free Policy for Cross-border Taxable Acts, zero VAT Tax Rate shall be applied to offshore service outsourcing business provided to overseas units that are completely consumed abroad. Therefore, the company's offshore outsourcing business income in line with the provisions of this period is exempted from VAT.

(c) Income tax

Income tax in the income statement represents:

(Expressed in Renminbi Yuan)

	2019	2018
Provision for income tax for the year	-	-

The statutory income tax rate of the Company is 25%.

(d) Tax payable

(Expressed in Renminbi Yuan)

	2019	2018
Income tax payable	449,243.80	449,243.80
Individual tax payable	4,735,556.03	4,374,398.90
Total	5,184,799.83	4,823,642.70

5. Cash at bank and on hand

(Expressed in Renminbi Yuan)

	2019	2018
Cash on hand	75,106.49	41,864.50
Cash at bank	67,588,024.32	78,993,984.32
Total	67,663,130.81	79,035,848.82

Notes forming part of the Financial Statements

6. Account receivable

By aging analysis as follows:

(Expressed in Renminbi Yuan)

	2019			2018		
	Amount	%	Provision for bad debts	Amount	%	Provision for bad debts
Within 1 year	146,250,071.28	98.33	-	150,452,733.11	96.01	-
Between 1 and 2 years	-	0.00	-	4,268,702.09	2.72	1,603,205.51
Between 2 and 3 years	1,006,328.79	0.68	1,006,329.00	603,632.02	0.39	202,206.09
Above 3 years	1,481,490.80	1.00	1,412,400.47	1,371,745.05	0.88	1,306,130.83
Total	148,737,890.87	100	2,418,729.47	156,696,812.27	100.00	3,111,542.43

The ageing is counted starting from the date when accounts receivable are recognized.

Provision for bad and doubtful debts:

(Expressed in Renminbi Yuan)

	2019	2018
1 January 2019	3,111,542.43	3,193,411.61
Add: Addition	-	5,266,209.73
Less: Reverse	174,851.18	4,902,224.40
Write-off	517,961.78	445,854.51
31 December 2019	2,418,729.47	3,111,542.43

7. Other receivables

The ageing analysis of the Company's other receivables is as follows:

(Expressed in Renminbi Yuan)

	2019			2018		
	Amount	%	Provision for bad debts	Amount	%	Provision for bad debts
Within 1 year	467,336.56	9.12	-	1,036,711.40	17.97	-
Between 1 and 2 years	461,790.95	9.01	-	1,224,226.28	21.22	-
Between 2 and 3 years	1,085,244.12	21.17	-	407,524.22	7.06	-
Above 3 years	3,112,539.15	60.71	-	3,101,708.91	53.75	-
Total	5,126,910.78	100	-	5,770,170.81	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.

Notes forming part of the Financial Statements

8. Fixed assets

(Expressed in Renminbi Yuan)

	Leasehold building improvement	Office and other equipment	Total
Cost			
As at 1 January 2019	31,616,918.80	59,611,329.68	91,228,248.48
Additions	1,677,000.00	9,074,730.35	10,751,730.35
Transfer from construction in progress	-	133,620.65	133,620.65
Disposals	(7,868,258.97)	(13,164,612.29)	(21,032,871.26)
As at 31 December 2019	25,425,659.83	55,655,068.39	81,080,728.22
Accumulated depreciation			
As at 1 January 2019	(22,363,663.10)	(38,661,826.92)	(61,025,490.02)
Charge for the year	(5,519,453.79)	(8,036,744.80)	(13,556,198.59)
Written back on disposal	7,868,258.97	13,164,612.29	21,032,871.26
As at 31 December 2019	(20,014,857.92)	(33,533,959.43)	(53,548,817.35)
Carrying amount			
As at 31 December 2019	5,410,801.91	22,121,108.96	27,531,910.87
As at 31 December 2018	9,253,255.70	20,949,502.76	30,202,758.46

9. Construction in progress

(Expressed in Renminbi Yuan)

Cost	
As at 1 January 2019	133,620.65
Transfers to fixed assets during the year	133,620.65
As at 31 December 2019	-
Carrying amount	
As at 31 December 2019	-
As at 31 December 2018	133,620.65

10. Paid-in capital

Registered capital and paid-in capital at December 31 constitute.

(Expressed in Renminbi Yuan)

	2019		2018	
	Amount	%	Amount	%
TATA Consultancy Services Asia Pacific Pte Ltd.	188,204,674.00	93.20	188,204,674.00	93.20
Beijing Zhongguancun Software Park Developrrrent Co., Ltd.	7,269,709.00	3.60	7,269,709.00	3.60
Tianjin Huayuan Software Park Construction and Development Co., Ltd.	6,461,963.00	3.20	6,461,963.00	3.20
	201,936,346.00	100.00	201,936,346.00	100.00

Notes forming part of the Financial Statements

11. Capital reserves

(Expressed in Renminbi Yuan)

	31 December 2018	Additions for the year	Decrease during the year	31 December 2019
Other capital reserves	91,094.00	-	-	91,094.00

Other capital reserves not required to be paid.

12. Surplus reserves

(Expressed in Renminbi Yuan)

	31 December 2018	Additions for the year	Decrease during the year	31 December 2019
Statutory reserve	74,087.59	-	-	74,087.59

13. Accumulated Losses

(Expressed in Renminbi Yuan)

	2019	2018
Accumulated losses at the beginning of year	(32,793,086.12)	(43,598,668.40)
Current year net (loss)/profits	(21,700,651.21)	10,805,582.28
Accumulated losses at the end of year	(54,493,737.33)	(32,793,086.12)

14. Sales from principal activities

(Expressed in Renminbi Yuan)

	2019	2018
Rendering of services	665,347,036.02	685,986,222.97

15. Financial net expense/(income)

(Expressed in Renminbi Yuan)

	2019	2018
Interest income	(753,931.00)	(637,192.06)
Foreign exchange net losses/(gains)	1,152,640.31	(2,738,404.04)
Others	220,993.44	225,978.45
Total	619,702.75	(3,149,617.65)

16. Subsidy income

(Expressed in Renminbi Yuan)

	2019	2018
Subsidy for service outsourcing company	157,500.00	1,163,376.00
Subsidy for talent training	3,235,789.00	3,675,000.00
Total	3,393,289.00	4,838,376.00

Notes forming part of the Financial Statements

17. Non-operating income

(Expressed in Renminbi Yuan)

	2019	2018
Value added tax subsidy	560,463.63	-
Others	878,023.89	499,350.44
Total	1,438,487.52	499,350.44

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 2019	Additions for the year	Decrease during the year	31 December 2019
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 Deutschland GmbH	Subsidiary of ultimate holding company
Tata Consultancy Services France S.A.S	Subsidiary of ultimate holding company
Tata Consultancy Services Italia Sri	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

Notes forming part of the Financial Statements

(3) The amounts of the Company's related party transactions during the year:

[Expressed in Renminbi Yuan]

Related party	2019	2019
Service received	48,547,824.01	46,524,885.33
Service provided	296,056,611.53	368,088,720.39
Lease payments	1,126,868.17	1,471,615.57

(4) Amounts due to/from related parties

[Expressed in Renminbi Yuan]

Related party	2019	2018
Accounts receivable	58,610,074.30	80,574,368.21
Accounts payable	40,343,321.64	45,619,541.67
Accrued expenses	3,220,144.48	-

19. Commitments

(a) Capital commitments

As at 31 December, capital commitments of the Company are summarised as follows:

[Expressed in Renminbi Yuan]

	2019	2018
Contracted for	555,113.06	2,392,991.00

(b) Operating lease commitments

As of 31 December, 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]

	2019	2018
Within one year	14,775,351.63	19,116,810.52
Over one year and within the second year	4,674,868.82	13,746,747.64
Over the second year and within the third year	2,245,302.64	2,000,334.61
Total	21,695,523.09	34,863,892.77

**TATA CONSULTANCY SERVICES
(THAILAND) LIMITED**

ANNUAL FINANCIAL STATEMENTS

**For the year ended
31 March 2020**

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2020

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INDEPENDENT AUDITORS' 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 2020, the statements of income and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

I conducted 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.

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

19 May 2020

Statements of Financial Position as at 31 March, 2020

(Unit :Baht)

	Note	March 31, 2020	March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	4	24,190,438	35,909,235
Trade accounts receivable	5	95,328,865	50,915,475
Unbilled contract work in progress		11,508,358	12,650,570
Other receivables	6	1,159,862	969,273
Other current assets	7	1,529,334	1,113,372
Total current assets		133,716,857	101,557,925
Non-current assets			
Equipment	8	1,299,003	1,338,790
Refundable deposits		215,040	215,040
Total non-current assets		1,514,043	1,553,830
TOTAL ASSETS		135,230,900	103,111,755
LIABILITIES AND EQUITY			
Current Liabilities			
Trade Accounts Payable to related parties		32,855,431	7,075,692
Excess of progress billings over contract work in progress		8,482,169	4
Other payables	9	36,606,644	17,543,883
Total current liabilities		77,944,244	24,619,579
Non - Current Liability			
Provision for retirement benefits	10	2,430,141	853,769
Total Non-current liability		2,430,141	853,769
TOTAL LIABILITIES		80,374,385	25,473,348
Equity			
Share capital			
Authorized share capital (800,000 ordinary shares, par value at baht 10 per share)		8,000,000	8,000,000
Issued and paid-up share capital (800,000 ordinary shares, par value at Baht 10 per share)		8,000,000	8,000,000
Retained earnings			
Appropriated to legal reserve	11	800,000	800,000
Unappropriated		46,056,515	68,838,407
Total equity		54,856,515	77,638,407
TOTAL LIABILITIES AND EQUITY		135,230,900	103,111,755

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

Statements of Income for the year ended 31 March 2020

(Unit :Baht)

	Note	March 31, 2020	March 31, 2019
INCOME			
Revenue from rendering of services		319,500,026	217,605,861
Net foreign exchange gain		2,077,952	-
Other income		22,401	50,903
TOTAL INCOME		321,600,379	217,656,764
EXPENSES			
Cost of rendering of services		201,887,041	155,587,182
Selling expenses		141,699	333,177
Administrative expenses	12	46,803,094	42,460,137
Net foreign exchange loss		-	535,902
TOTAL EXPENSES		248,831,834	198,916,398
PROFIT BEFORE INCOME TAX EXPENSE		72,768,545	18,740,366
Income tax expense		15,550,437	3,782,652
PROFIT FOR THE YEAR		57,218,108	14,957,714
Basic earnings per share (in Baht)	14	71.52	18.70

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

Statement of changes in equity for the year ended 31 March 2020

(Unit :Baht)

	Note	Issued and paid-up share capital	Retained earnings		Total equity
			Appropriated to legal reserve	Unappropriated	
Year ended 31 March 2019					
Balance at 1 April 2019		8,000,000	800,000	87,480,693	96,280,693
Profit for the year		-	-	14,957,714	14,957,714
Dividends	15	-	-	(33,600,000)	(33,600,000)
Balance at 31 March 2019		8,000,000	800,000	68,838,407	77,638,407
Year ended 31 March 2020					
Balance at 1 April 2019		8,000,000	800,000	68,838,407	77,638,407
Profit for the year		-	-	57,218,108	57,218,108
Dividends	15	-	-	(80,000,000)	(80,000,000)
Balance at 31 March 2019		8,000,000	800,000	46,056,515	54,856,515

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

Notes to the Financial Statements for the year ended 31 March 2020

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Cash and cash equivalents
5	Trade accounts receivable
6	Other receivables
7	Other current assets
8	Equipment
9	Other payables
10	Provision for retirement benefits
11	Legal reserve
12	Administrative expenses
13	Employee benefit expenses
14	Basic earnings per share
15	Dividends
16	Commitments

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 authorised for issue by the directors on 19 May 2020.

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 ultimate parent companies during the financial year were Tata Consultancy Services Asia Pacific Pte. Ltd. and Tata Consultancy Services Limited, which were incorporated in Singapore and 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.

In addition, the Company has complied with Thai Financial Reporting Standards for Publicly Accountable Entities as follows:

TFRS	Topic
TAS 33 (revised 2018)	Earnings per share

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The Company has not early adopted these standards in the preparation of these financial statements. The revised TFRS that is relevant to the Company’s operations is as follow:

TFRS	Topic
TAS 33 (revised 2019)	Earnings per share

Management expects to adopt and apply the new and revised TFRS and has made a preliminary assessment of the potential initial impact on the Company’s financial statements of the 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 judgements, estimates and assumptions that affect the application of the Company’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3 Significant accounting policies

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

(a) Foreign currency transactions

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

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

Non-monetary assets and liabilities arising from foreign currency translations that are measured at cost are translated

Notes to the Financial Statements

to Thai Baht at the exchange rates at the dates of the transactions.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances held in current account in bank.

(c) Trade and other receivables

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

The allowance for doubtful accounts is assessed primarily on analysis of payment. Bad debts are written off when incurred. Bad debts recovered are recognised 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(ii)) less progress billings and recognised losses. Cost of contract work includes all expenditure related 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 billing exceeds 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

Equipment are measured at cost less accumulated depreciation and losses on decline in value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. 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.

Any 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 recognised in statement of income.

Subsequent costs

The cost of replacing a part 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 part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of equipment are recognised in statement of income as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount which excludes assets under construction, 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. The loss on decline in value is recognised in the statement of income.

Notes to the Financial Statements

(g) Trade and other payables

Trade and 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.

Provision for retirement benefits

Provision for retired benefits are recognised using the best estimate method at the reporting date. The Company derecognises the provision when actual payment is made.

(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.

Contract revenue

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

The stage of completion is assessed based on cost-to-cost method. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the statement of income.

Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from

- The inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers
- Prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- Customers not in a position to accept alternate delivery nodes using Secured Borderless Workspaces
- Customers postponing their discretionary spend due to change in priorities.

The Company has assessed that customers in retail, travel, transportation and hospitality, energy and manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in banking, financial services and insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays and increased cost in meeting its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage completion basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised Service Level Agreements (SLAs) in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

Notes to the Financial Statements

(j) Expenses

Operating leases

Payments made under operating leases are recognised 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)

Cash at banks - current accounts

2020	2019
24,190	35,909

5. Trade accounts receivable

(Unit : in thousand Baht)

Related parties

Other parties

Total

Less allowance for doubtful accounts

Net

Bad and doubtful debts expense for the year (reversal of)

2020	2019
29,097	5,284
70,152	45,811
99,249	51,095
(3,920)	(180)
95,329	50,915
3,589	24

The normal credit term granted by the Company ranges from 30 days to 60 days.

6. Other receivables

(Unit : in thousand Baht)

Advance to employees

Advance to suppliers

Total

2020	2019
1,014	601
146	368
1,160	969

Notes to the Financial Statements

7. Other current assets

(Unit : in thousand Baht)

	2020	2019
Prepaid expenses	1,429	-
Refundable withholding tax	-	989
Others	100	124
Total	1,529	1,113

8. Equipment

(Unit :in thousand Baht)

	Furniture, fixture and office equipment	Assets under construction (in thousand Baht)	Total
Cost			
At 1 April 2018	2,828	-	2,828
Additions	847	157	1,004
At 31 March 2019 and 1 April 2019	3,675	157	3,832
Additions	658	(157)	501
At 31 March 2020	4,333	-	4,333
Depreciation			
At 1 April 2018	2,044	-	2,044
Depreciation charge for the year	449	-	449
At 31 March 2019 and 1 April 2019	2,493	-	2,493
Depreciation charge for the year	541	-	541
At 31 March 2020	3,034	-	3,034
Net book value			
At 31 March 2019	1,182	157	1,339
At 31 March 2020	1,299	-	1,299

The gross carrying amounts of the Company's fully depreciated equipment that was still in use at 31 March 2020 amounted to Baht 2.4 million (2019: Baht 1.9 million).

Notes to the Financial Statements

9. Other payables

(Unit : in thousand Baht)

	2020	2019
Other payables - other parties	15,024	7,250
Accrued bonus	5,055	3,638
Accrued operation expenses	4,774	1,229
Income tax payable	4,656	-
Other payables - related parties	4,021	2,230
Provision for accumulated leave	2,998	3,118
Others	79	79
Total	36,607	17,544

10. Provision for Retirement benefits

(Unit : in thousand Baht)

	2020	2019
At 1 April	854	-
Additions	1,665	854
Provision made	(89)	-
At 31 March	2,430	854

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

11. 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 authorised capital. The legal reserve is not available for dividend distribution.

12. Administrative expenses

(Unit : in thousand Baht)

	2020	2019
Employee benefit expenses	27,548	28,470
Bad and doubtful debts	3,589	24
Travelling expenses	1,786	2,984
Professional fees	1,092	1,201
Facility expenses	1,085	951
Recruitment expenses	735	437
Depreciation expenses	360	352
Communication expenses	203	501
Others	10,405	7,540
Total	46,803	42,460

Notes to the Financial Statements

13. Employee benefit expenses

(Unit : in thousand Baht)

	2020	2019
Salaries, overtime and bonuses	136,109	120,989
Contribution to defined contribution plan	2,396	1,012
Provision for employee benefits	1,576	854
Others	3,840	3,326
Total	143,921	126,181

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.

14. Basic earnings per share

The calculations of basic earnings per share for the years ended 31 March 2020 and 2019 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:

(Unit : in thousand Baht)

	2020	2019
Profit attributable to ordinary shareholders of the Company (basic) (in thousand Baht)	57,218	14,958
Number of ordinary shares outstanding (in thousand shares)	800	800
Basic earnings per share (in Baht)	71.52	18.70

15. Dividends

The board of directors of the Company have approved dividends as follows

Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
19 March 2020	March 2020	100.00	80,000
27 July 2018	August 2018	42.00	33,600

16. Commitments

(Unit : in thousand Baht)

	2020	2019
Non-cancellable operating lease commitments		
Within 1 year	860	860
1-5 years	359	1,219
Total	1,219	2,079

As at 31 March 2020, the Company had operating lease agreements covering its office premises and service for the periods 3 years expiring on various dates up to August 2021.

Notes to the Financial Statements

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant downsizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centres and sales office are long term in nature and no changes in terms of those leases are expected due to the COVID-19

PT TATA CONSULTANCY SERVICES INDONESIA
ANNUAL FINANCIAL STATEMENTS

For the year ended
March 31, 2020

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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The Director's Statement Of Responsibility
For the Financial Statements
Year ended March 31, 2020
PT Tata Consultancy Services Indonesia ("The Company")

I, the undersigned:

Name:

Bhavin Zaveri

Office Address:

Gedung Menara Prima Lantai 16,
Jl. Lingkar Mega Kuningan Blok 6 No. 2,
Kuningan Timur, Setiabudi, Jakarta 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; and
4. I am responsible for the internal control.

This statement is made truthfully.

Jakarta, May 19, 2020

(signature)

(Stamp duty)

Bhavin Zaveri

Director

Independent Auditor's Report

NO : 00357/2.1005/AU.1/05/1086-1/1/V/2019

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 31 March 2020, 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.

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 an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Tata Consultancy Services Indonesia as of 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Siddharta Widjaja & Rekan
Registered Public Accountants

Mellin, S.E., CPA
Public Accountant License No. AP. 1086

Jakarta, May 19, 2020

Statement Of Financial Position

In millions of Rupiah

	Notes	March 31, 2020	March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	4	36,352	50,339
Trade and other receivables, net	5	72,928	46,600
Prepayments and advances		3,177	654
Total current assets		112,457	97,593
Non-current assets			
Fixed assets, net		343	250
Claims for tax refund	13a	22,019	6,704
Deferred tax assets, net	13e	1,780	1,563
Refundable deposits		39	196
Total non-current assets		24,181	8,713
TOTAL ASSETS		136,638	106,306
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	6	60,122	28,977
Unearned revenue	7	12,688	2,501
Income tax payable	13b	747	2,672
Other taxes payable		3,662	641
Total current liabilities		77,219	34,791
Non-current liabilities			
Employee benefits obligation	8	2,537	3,700
Total non-current liabilities			
TOTAL LIABILITIES		79,756	38,491
Equity			
Share capital	9	1,003	1,003
Retained earnings			
Appropriated	9	201	201
Unappropriated		55,678	66,611
Total equity		56,882	67,815
TOTAL LIABILITIES AND EQUITY		136,638	106,306

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	Year ended March 31, 2020	Year ended March 31, 2019
Revenue	10	150,565	134,189
Cost of revenue	11	(88,161)	(74,344)
GROSS PROFIT		62,404	59,845
General and administrative expenses	12	(25,927)	(22,446)
Currency exchange loss, net		(450)	(104)
OPERATING PROFIT		36,027	37,295
Finance income		906	674
PROFIT BEFORE TAX		36,933	37,969
Income tax expense	13c	(9,334)	(11,566)
PROFIT		27,599	26,403
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Changes resulting from actuarial remeasurements of employee benefits obligation		(50)	221
Tax on other comprehensive (loss) income	13e	18	(55)
TOTAL OTHER COMPREHENSIVE INCOME		(32)	166
TOTAL COMPREHENSIVE INCOME		27,567	26,569

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 2018		1,003	62,042	201	63,246
Comprehensive income - 2019					
Profit		-	26,403	-	26,403
Other comprehensive income		-	166	-	166
Distributions to shareholders - cash dividends	14	-	(22,000)	-	(22,000)
Balance as of 31 March 2019		1,003	66,611	201	67,815
Comprehensive income - 2020					
Profit		-	27,599	-	27,599
Other comprehensive loss		-	(32)	-	(32)
Distributions to shareholders - cash dividends	14	-	(38,500)	-	(38,500)
Balance as of 31 March 2020		1,003	55,678	201	56,882

See Notes to the Financial Statements, which form an integral part of these financial statements.

Statement Of Cash Flows

In millions of Rupiah

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit		27,599	26,403
Adjustments for			
Depreciation	11, 12	127	108
Additional (reversal) of impairment loss of trade and other receivables	5	833	(135)
Finance income		(906)	(674)
Income tax expense	13c	9,334	11,566
Changes in			
Trade and other receivables, net		(27,161)	(544)
Prepayments and advances		(2,523)	768
Claims for tax refund		(149)	-
Refundable deposits		157	-
Trade and other payables		31,145	8,387
Unearned revenue		10,187	(660)
Other taxes payable		3,021	10
Employee benefits obligation		(1,213)	3,921
Interest received		906	674
Income tax refund		785	-
Income tax paid		(27,409)	(11,020)
Net cash from operating activities		24,733	38,804
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of fixed assets/Net cash used in investing activity		(220)	(130)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends paid/Net cash used in financing activity	14	(38,500)	(22,000)
Net (decrease) increase in cash and cash equivalents		(13,987)	16,674
Cash and cash equivalents, beginning of year		50,339	33,665
Cash and cash equivalents, end of year	4	36,352	50,339

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 in 2006.

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.

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 director approved the financial statements for issuance on May 19, 2020.

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 8 – Employee benefits obligation
- Note 13a – Claims for tax refund

f. New/amendment/improvement of accounting standards and interpretation of accounting standards

(i) Amendment/improvement of accounting standards and new interpretation of accounting standards which become effective in the current year

The following amendment/improvement of accounting standards and new interpretation of accounting standards became effective for annual periods beginning on or after 1 January 2019, which are relevant to the Company's financial statements:

- ISAK 33, "Foreign Currency Transactions and Advance Consideration"
- ISAK 34, "Uncertainty over Income Tax Treatments"
- PSAK 24 (Amendment), "Employee Benefits"
- PSAK 26 (2018 Improvement), "Borrowing Costs"
- PSAK 46 (2018 Improvement), "Income Taxes"

The Company has assessed that the adoption of the above mentioned amendment/improvement of accounting standards and new interpretation of accounting standards has no material effect to the Company's financial statements.

Notes forming part of Financial Statements

(iii) New accounting standards issued but not yet effective

Certain new accounting standards have been issued but not yet effective for the year ended 31 March 2020, and have not been applied in preparing these financial statements, but may be relevant to the Company:

- PSAK 71, "Financial Instruments"
- PSAK 72, "Revenue from Contracts with Customers"
- PSAK 73, "Leases"

PSAK 71, "Financial Instruments", which will be effective starting from 1 April 2020, contains new requirements for the classification and measurement of financial assets that are based on the characteristics of their contractual cash flows (i.e. Solely Payments of Principal and Interest criterion) and the reporting entity's business model for the management of these financial instruments. PSAK 71 also gives rise to a new model for determining impairment on financial assets, which is based on expected credit losses. To date, impairments have been recognized based on incurred losses, i.e. when corresponding objective evidence of impairment existed.

PSAK 72, "Revenue from Contracts with Customers", which will be effective starting from 1 April 2020, is aimed to assimilate the numerous existing requirements and interpretations relating to revenue recognition into a single standard. The new standard also stipulates uniform revenue recognition principles for all sectors/industries. The new standard is based on a five-step model, which sets out the rules for revenue from contracts with customers. Revenues are required to be recognized either over time or at a specific point in time and are focused on transfer of control principle.

PSAK 73, "Leases", which will be effective starting from 1 April 2020, sets out a new approach to accounting for leases by lessees. While under the current standard, PSAK 30, "Leases", the accounting treatment of a lease was determined on the basis of the transfer of risks and rewards incidental to ownership of the asset, in the future, all leases in general are to be accounted for by the lessee in a similar way to finance leases, unless the lease term is 12 months or less, or the underlying asset is of low value.

As of the issuance date of these financial statements, management has not completed the assessment on 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.

b. 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
Furniture and fixtures	:	5 - 10 years
Leasehold improvement	:	lease period

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.

Notes forming part of Financial Statements

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. Post-employment benefits

The obligation for post-employment benefits is calculated at the present value of estimated future benefits that the employees have earned in return for their services in the current and prior periods. The calculation is performed by a qualified actuary using the project unit credit method.

Gains or losses arising from actuarial remeasurement of the net defined benefit liability are recognized immediately in other comprehensive income. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

e. Financial instruments

The Company's financial assets comprise cash and cash equivalents, trade and other receivables, net, and refundable deposits, which are categorized as "Loans and receivables". Financial liabilities comprise trade and other payables 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 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

Revenue from services

Revenue from services rendered (maintenance and support services) is recognized in profit or loss based on straight line method over the period of performance; revenue from time and material contract and job contracts are recognized as the service is rendered; while other fixed price contracts are recognized in proportion to the stage of completion of the

Notes forming part of Financial Statements

transaction at the reporting date. The stage of completion is assessed based on the cost-to-cost method (actual cost to date divided by estimated total cost to complete the contract).

Revenue from sale of products

Revenue from sale of products is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. Revenue is recognized when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of products and the amount of revenue can be measured reliably.

The timing of the transfer of risks and rewards varies depending on the individual terms of the contract of sale. For sale of hardware, the transfer usually occurs when the products is received by customer. However, for sales of software and manufactured system, the transfer usually occurs when the product is delivered to customer. While for implementation and/or customization software, revenue is recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on the cost-to-cost method (actual cost to date divided by estimated total cost to complete the contract).

Contract in progress is presented as “unbilled receivables” for all contracts in which costs incurred plus recognized profits exceed progress billing. If progress billing exceed costs incurred plus recognized profits, then the differences is presented as “unearned revenue”.

g. Foreign currency transactions

Transactions in foreign currencies are translated to the Company’s functional currency (Rupiah) at the rates of 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

Finance income comprises interest income on funds invested in banks.

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 as of the reporting date.

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.

Notes forming part of Financial Statements

4. Cash and cash equivalents

In millions of Rupiah

Cash on hand
Cash in banks
Short-term time deposits in Rupiah

As at March 31, 2020	As at March 31, 2019
13	5
36,339	39,834
-	10,500
36,352	50,339

5. Trade and other receivables, net

In millions of Rupiah

Trade receivables resulting from revenue generation activities consist of:

Billed

Third parties
Related parties (Note 15d)
Total billed

Unbilled

Third parties
Related parties (Note 15d)
Total unbilled
Total trade receivables

Other receivables

Third parties
Related parties (Note 15d)
Total other receivables
Total trade and other receivables

Less: provision for impairment of trade and other receivables

Total trade and other receivables, net

As at March 31, 2020	As at March 31, 2019
37,259	36,625
3,975	4,410
41,234	41,035
36,212	9,375
307	535
36,519	9,910
77,753	50,945
483	26
-	104
483	130
78,236	51,075
(5,308)	(4,475)
72,928	46,600

6. Trade And Other Payables

In millions of Rupiah

Payables arising from purchases of products and services consist of the following:

Trade payables to third parties
Trade payables to related parties (Note 15d)

Other payables and accrued expenses:

Technical services (Note 15d)
Employees' salaries and other compensation
Professional fees
Royalty (Note 15d)
Others (include to related party)

As at March 31, 2020	As at March 31, 2019
8,878	1,508
25,743	17,432
34,621	18,940
16,688	716
4,615	5,606
1,128	1,256
370	324
2,700	2,135
25,501	10,037
60,122	28,977

Notes forming part of Financial Statements

7. Unearned Revenue

In millions of Rupiah

	As at March 31, 2020	As at March 31, 2019
Balance at 1 April	2,501	3,161
Billings during the year	72,873	94,924
Revenue recognized during the year	(62,686)	(95,584)
Balance at 31 March	12,688	2,501

8. Employee Benefits Obligation

In accordance with Indonesian labor regulations, the Company is required to provide certain post-employment benefits to its employees when their employment is terminated or when they retire. These benefits are primarily based on years of service and the employees' compensation at termination or retirement.

The following table reflects the balance of the obligation for post-employment benefits as of the reporting dates, as well as the movements in the obligation, and the expense recognized during 2020 and 2019:

In millions of Rupiah

	As at March 31, 2020	As at March 31, 2019
Movement in the defined benefit obligation		
Defined benefit obligation, beginning of year	3,700	-
- Past service cost	-	2,780
- Current service cost	716	946
- Interest cost	311	208
- Other	(3)	(2)
Included in other comprehensive income		
Actuarial (gains) losses arising from:		
- demographic assumptions	1	-
- financial assumptions	128	(149)
- experience adjustment	(79)	(72)
Others		
- Benefits paid	(2,237)	(11)
Defined benefit obligation, end of year	2,537	3,700

Actuarial assumptions

Principal assumptions used in the actuarial calculations were as follows:

	As at March 31, 2020	As at March 31, 2019
Discount rate	4.71%-8.05% per annum	8.42% per annum
Future salary increase rate	7.00% per annum	7.00% per annum

At 31 March 2020, the weighted-average duration of the defined benefit obligation was 16.23 years (2019: 6.25 years).

The discount rate is used in determining the present value of the benefit obligation at valuation date. In general, the discount rate correlates with the yield on high quality zero coupon government bonds that are traded in active capital markets at the reporting date.

Notes forming part of Financial Statements

The future salary increase assumptions projects the benefit obligation starting from the valuation date through the normal retirement age. The salary increase rate is generally determined by applying inflation adjustments to pay scales, and by taking account of the length of service.

Sensitivity analysis

Reasonably possible changes to key actuarial assumptions, would have affected the defined benefit obligation at the reporting date by the following amounts:

	In millions of Rupiah			
	2020		2019	
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(270)	316	(213)	250
Future salary rise	316	(274)	251	(217)

This analysis provides an approximation of the sensitivity of the assumptions shown, but does not take account of the variability in the timing of the distribution of benefit payments expected under the plan.

9. Share capital and appropriated retained earnings

As of 31 March 2020 and 2019, the Company's authorized share capital amounted to Rp 2,508 million (250 shares at a nominal value of Rp 10,030,000 (whole Rupiah) or USD 1,000 per share), of which amounted to Rp 1,003 million (100 shares at a nominal value of Rp 10,030,000 (whole Rupiah) or USD 1,000 per share) have been fully issued and paid-up by the following shareholders:

Shareholders	Number of shares	Nominal value		%
		In millions of Rupiah	USD	
Tata Consultancy Services Asia Pacific Pte., Ltd, Singapore	99	993	99,000	99%
Tata Consultancy Services Malaysia Sdn., Bhd, Malaysia	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

Consultancy services

Third parties
Related parties (Note 15a)

Equipment and software

Third parties

	Year ended March 31, 2020	Year ended March 31, 2019
Third parties	141,464	129,302
Related parties (Note 15a)	2,744	4,623
	144,208	133,925
Third parties	6,357	264
	150,565	134,189

Notes forming part of Financial Statements

11. Cost of revenue

In millions of Rupiah

	Year ended March 31, 2020	Year ended March 31, 2019
Professional fees	38,913	6,082
Employees' salaries and other compensation	32,916	37,593
Project	7,720	28,301
Equipment and software	6,489	86
Travel	1,784	1,830
Communication	293	426
Depreciation	40	20
Others	6	6
	88,161	74,344

12. General and administrative expenses

In millions of Rupiah

	Year ended March 31, 2020	Year ended March 31, 2019
Employees' salaries and other compensation	20,584	18,675
Travel	1,421	1,549
Professional fees	1,377	709
Utilities	594	668
Marketing and promotion	375	324
Communication	169	153
Depreciation	87	88
Others	1,320	280
	25,927	22,446

13. Income tax

a. Claims for tax refund consist of:

In millions of Rupiah

	Year ended March 31, 2020	Year ended March 31, 2019
Corporate income tax:		
Fiscal year 2019	326	-
Fiscal year 2017	16,686	1,061
Fiscal year 2013	4,858	5,643
Value added tax:		
Fiscal year 2017	149	-
	22,019	6,704

Notes forming part of Financial Statements

Corporate income tax (CIT) - fiscal year 2013

The 2013 CIT overpayment case was being processed at Tax Court following an appeal filed by the Company on 9 January 2017 for the disputed amount of Rp 5,643 million. On 6 November 2019, Tax Court issued a verdict for an approval of the Company's claim on CIT overpayment of Rp 785 million. The Company disagreed with Tax Court verdict and filed a judicial review to the Supreme Court for the remaining disputed amount of Rp 4,858 million on 5 February 2020. As of the issuance of these financial statements, no verdict on the judicial review has been issued yet.

No provision was recognized by the Company as of 31 March 2020 as management believes that the Company will prevail in sustaining its tax position.

Corporate income tax (CIT) - fiscal year 2017

On 29 July 2019, the Company received the 2017 CIT assessment which resulted in CIT underpayment of Rp 15,625 million (including administration sanction of Rp 3,788 million) as opposed to the Company's initial claim on CIT overpayments of Rp 1,061 million. The Company paid CIT underpayment under protest amounted to Rp 15,625 million and submitted an objection letter to the tax authorities on 24 October 2019 for the disputed amount of Rp 16,686 million. As of the issuance of these financial statements, no verdict has been issued on the Company's objection. The CIT refunds shortfall of Rp 16,686 million was recorded as part of claims for taxrefund as of 31 March 2020 as management believes that the Company will prevail in sustaining its tax position.

Value added tax (VAT) - fiscal year 2017

On 29 July 2019, the Company received the 2017 VAT assessment which resulted in VAT underpayment of Rp 149 million (including administration sanction of Rp 36 million). The Company paid VAT underpayment under protest and submitted an objection letter to the tax authorities on 24 October 2019 for the disputed amount of Rp 149 million. As of the issuance of these financial statements, no verdict has been issued on the Company's objection. The VAT underpayment of Rp 149 million was recorded as part of claims for tax refund as of 31 March 2020 as management believes that the Company will prevail in sustaining its tax position.

These amounts have been presented as non-current assets in the financial statements, considering the uncertainty over the amount of time that it will take to recover the claim.

b. Income tax payable consist of:

		In millions of Rupiah
	Year ended March 31, 2020	Year ended March 31, 2019
Corporate income tax – fiscal year 2018	-	2,090
Income tax installments, article 25	747	582
	747	2,672

c. The components of income tax recognized in profit or loss are as follows:

In millions of Rupiah

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax expense:		
Current year	9,972	11,990
Adjustments to prior years' tax expense	(439)	1,60
	9,533	13,598
Deferred tax benefit:		
Origination and reversal of temporary differences	(199)	(2,032)
	9,334	11,566

Notes forming part of Financial Statements

d. Income tax expense is reconciled with profit before tax as follows:

In millions of Rupiah

	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	36,933	37,969
Statutory tax rate	25%	25%
	9,233	9,492
Non deductible expenses	540	466
Adjustments to prior years' tax expense	(439)	1,608
Income tax expense	9,334	11,566

e. Recognized deferred tax balances and the movement thereof during the year were comprised of the following:

In millions of Rupiah

	Year ended March 31, 2019	Recognized in profit or loss	Recognized in other comprehensive income	Year ended March 31, 2020
Deferred tax assets (liabilities):				
Provision for impairment of trade receivables	1,133	225	-	1,358
Accrued expenses	(396)	249	-	(147)
Employee benefits obligation	925	(267)	18	676
Fixed assets	(99)	(8)	-	(107)
Deferred tax assets (liabilities), net	1,563	199	18	1,780

In millions of Rupiah

	Year ended March 31, 2018	Recognized in profit or loss	Recognized in other comprehensive income	Year ended March 31, 2019
Deferred tax assets (liabilities):				
Provision for impairment of trade receivables	1,152	(19)	-	1,133
Accrued expenses	(1,472)	1,076	-	(396)
Employee benefits obligation	-	980	(55)	925
Fixed assets	(94)	(5)	-	(99)
Deferred tax assets (liabilities), net	(414)	2,032	(55)	1,563

The temporary difference that give rise to the deferred tax asset for the provision for impairment of trade receivables does not expire, however before such provision can be deductible the Company must provide evidence that the receivables are not collectible, and thereby must write off the uncollectible balances. Management believes that the Company will be able to provide evidence that the receivables are not collectible as required by the Indonesian Income Tax Law.

Notes forming part of Financial Statements

- 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. The Company's tax positions are formed on sound technical bases, in compliance with the tax regulations. Accordingly, management believes that no accruals for potential income tax liabilities is necessary. This assessment relies on estimates and assumptions and may involve judgment about future events. New information may become available that causes management to change its judgment. Such changes will impact tax expense in the period in which such determination is made.

14. Distributions to share holders

The annual general shareholders' meeting on 17 June 2019 and 19 March 2020 declared the distribution of cash dividends of Rp 22,000 million and Rp 16,500 million, respectively.

The annual general shareholders' meeting on 1 September 2018 declared the distribution of cash dividends of Rp 22,000 million.

15. Related parties

The Company is ultimately controlled by Tata Sons Limited (incorporated in India).

The Company's parent company is Tata Consultancy Services Asia Pacific Pte., Ltd (incorporated in Singapore) and its intermediate parent is Tata Consultancy Services Limited (incorporated in India).

The Company's entities under common control are Tata Consultancy Japan Ltd (incorporated in Japan), Tata Consultancy Services Malaysia Sdn., Bhd (incorporated in Malaysia) and Tata America International Corporation (incorporated in United States).

The following transactions were carried out with related parties:

(a) Revenue

Consultancy services rendered to (Note 10):
Intermediate parent
Entities under common control

In millions of Rupiah	
Year ended March 31, 2020	Year ended March 31, 2019
2,744	2,599
-	2,024
2,744	4,623

(b) Purchases of services

Services provided by:
Ultimate parent
Intermediate parent
Parent

In millions of Rupiah	
Year ended March 31, 2020	Year ended March 31, 2019
375	324
54,688	40,807
2,526	1,424
57,589	42,555

(c) Key management compensation

Key management includes director. The following reflects compensation paid or payable to key management individuals for services rendered in their capacity as employees:

Salaries and other short-term benefits

In millions of Rupiah	
Year ended March 31, 2020	Year ended March 31, 2019
1,895	1,603

Notes forming part of Financial Statements

(d) Year-end balances arising from sales and purchases of services

In millions of Rupiah

	Year ended March 31, 2020	Year ended March 31, 2019
Receivables from related parties (Note 5):		
Intermediate parent	4,282	1,003
Entities under common control	-	4,046
	4,282	5,049
Payables to related parties (Note 6):		
Ultimate parent	370	324
Intermediate parent	38,459	16,671
Parent	3,434	1,033
Entities under common control	369	444
	42,632	18,472

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 in ongoing basis to ensure that the Company's exposure to credit risk is 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

	As at March 31, 2020	As at March 31, 2019
Cash in banks and cash equivalents	36,339	50,334
Trade and other receivables, net	72,928	46,600
Refundable deposits	39	196
	109,306	97,130

The Company's most significant customer, an Indonesian state-owned and commercial bank (PT Bank Negara Indonesia), accounts for Rp 15,034 million of the trade receivables carrying amount at 31 March 2020 (2019: Rp 13,692 million).

Notes forming part of Financial Statements

Impairment exposure

The aging of trade and other receivables that were not impaired at reporting dates were as follows:

In millions of Rupiah

	Year ended March 31, 2020	Year ended March 31, 2019
	Carrying amount	Carrying amount
Not past due	32,908	12,140
Past due 1 – 30 days	22,319	20,820
Past due 31 – 90 days	9,245	6,170
Past due 91 – 180 days	7,022	2,475
Past due 180 – 365 days	970	3,203
More than 365 days	464	1,792
	72,928	46,600

The movement in the balance of provision for impairment of trade and other receivables was as follows:

In millions of Rupiah

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at 1 April	4,475	4,610
Additional (reversal) of provision for impairment	833	(135)
Balance at 31 March	5,308	4,475

Management believes that the unimpaired amounts that are past due 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

	Contractual cash flows	
	Carrying amount	Total/Within 1 year
31 March 2020		
Financial liabilities		
Trade and other payables	60,122	60,122

In millions of Rupiah

	Contractual cash flows	
	Carrying amount	Total/Within 1 year
31 March 2019		
Financial liabilities		
Trade and other payables	28,977	28,977

Notes forming part of Financial Statements

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, primarily in USD (2019: JPY and USD). Management mitigates the overall risk by buying or selling currencies of USD at spot rate when necessary.

The Company's net exposure to currency risk is as follows:

	In millions of Rupiah	
	Year ended March 31, 2020	Year ended March 31, 2019
	USD	JPY USD
Assets	432,438	31,719,150 314,986
Liabilities	(651,901)	- (288,239)
Net exposure	(219,463)	31,719,150 26,747

At reporting dates, balances of monetary assets and liabilities denominated in foreign currencies are translated into Rupiah using the prevailing exchange rates which were Rp 16,366/USD at 31 March 2020; and Rp 129/JPY and Rp 14,249/USD at 31 March 2019.

A strengthening/weakening of the Rupiah by 9 percent against the US Dollar at 31 March 2020 would have increased equity and profit or loss after income tax by Rp 242 million. This analysis is based on US Dollar rate variances that management considers as being reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

A strengthening/weakening of the Rupiah against the Japan Yen and US Dollar at 31 March 2019 did not have 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.

17. Events after reporting period

Since the outbreak of Coronavirus Disease 2019 ("COVID-19") in March 2020, the World Health Organization has declared a pandemic, and the prevention and control of the COVID-19 has been going on in Indonesia. The situation may have distracted global, including Indonesia, business and economic activities. However, up to the date of issuance of these financial statements, management has not identified any significant impact to the financial position and operating results of the Company. Management will keep continuous attention on the situation of the COVID-19, assess and react actively to its impacts on the financial position and operating results of the Company. The Company's assessment may change as a result of events or conditions in the future that are beyond management's control, and the Company's assessment will be updated in the future as a result of future changes.

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, 2020**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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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 statements of financial position as at March 31, 2020 and 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years 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, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard (PFRSs).

Basis for Opinion

We conducted our audits 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.

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.

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 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. PA-A-874-A, Group A, valid until June 30, 2020

Tax Identification No. 225-454-652

BIR Accreditation No. 08-001987-35-2018

Issued September 20, 2018; valid until September 19, 2021

PTR No. MKT 8116789

Issued January 2, 2020 at Makati City

Date: May 19, 2020

Makati City, Metro Manila

Statements of Financial Position

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Current Assets			
Cash and cash equivalents	5, 22, 23	P252,823,221	P525,862,423
Trade receivables - net	6a, 22, 23	1,484,453,746	1,225,199,304
Prepayments and other current assets	7, 22, 23	97,923,353	136,467,603
Total Current Assets		1,835,200,320	1,887,529,330
Non-current Assets			
Trade receivables	6b	1,941,879	-
Property and equipment - net	8	299,046,129	279,820,924
Right-of-use assets - net		1,018,863,122	-
Other non-current assets	9, 22, 23	69,824,042	127,091,008
Total Non-current Assets		1,389,675,172	406,911,932
TOTAL ASSETS		P3,224,875,492	P2,294,441,262
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10, 22, 23	P969,312,548	P769,491,316
Lease liabilities - current		241,314,099	-
Income tax payable		3,967,515	1,283,701
Total Current Liabilities		1,214,594,162	770,775,017
Non-current Liabilities			
Retirement benefit obligation	11	116,254,689	90,757,677
Lease liabilities - net of non-current portion		788,092,385	-
Deferred rent	20	-	21,412,423
Total Non-current Liabilities		904,347,074	112,170,100
Total Liabilities		2,118,941,236	882,945,117
Equity			
Share capital	12	276,200,000	276,200,000
Accumulated remeasurements on retirement benefits		8,180,987	9,208,985
Retained earnings:			
Appropriated	13	761,000,000	761,000,000
Unappropriated		613,073,269	917,607,160
Treasury shares	12	(552,520,000)	(552,520,000)
Total Equity		1,105,934,256	1,411,496,145
TOTAL LIABILITIES AND EQUITY		P3,224,875,492	P2,294,441,262

SEE NOTES TO THE FINANCIAL STATEMENTS.

Statements of Comprehensive Income

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenues - net	14, 18	P4,357,477,193	P3,827,736,119
Cost of services	15	3,735,840,291	3,316,033,797
GROSS PROFIT		621,636,902	511,702,322
General and administrative expenses	16	402,385,660	382,675,669
INCOME FROM OPERATIONS		219,251,242	129,026,653
Other charges			
Interest expense	20	(61,347,133)	-
Foreign exchange gain (loss) - net		(59,363,627)	(21,028,163)
Interest income	5, 20	6,252,856	7,252,177
Others - net		(3,696,098)	(474,064)
		(118,154,002)	(14,250,050)
INCOME BEFORE INCOME TAX		101,097,240	114,776,603
Income tax	19	18,836,617	10,593,544
NET INCOME		82,260,623	104,183,059
OTHER COMPREHENSIVE INCOME LOSS			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement (loss)/gain on retirement benefits	11	(1,027,998)	(5,448,912)
TOTAL COMPREHENSIVE INCOME		P81,232,625	P98,734,147

SEE NOTES TO THE FINANCIAL STATEMENTS.

Statements of Changes in Equity

	Note	Share Capital (Note 12)	Accumulated Remeasurements on Retirement Benefits	Retained Earnings (Note 13)			Treasury Shares (Note 12)	Total
				Appropriated	Unappropriated	Total		
Balances as at April 1, 2018		P276,200,000	P14,657,897	P540,000,000	P1,034,424,101	P1,574,424,101	(P552,520,000)	P1,312,761,998
Net income		-	-	-	104,183,059	104,183,059	-	104,183,059
Other comprehensive income	11	-	(5,448,912)	-	-	-	-	(5,448,912)
Total comprehensive income		-	(5,448,912)	-	104,183,059	104,183,059	-	98,734,147
Additional appropriations	13	-	-	221,000,000	(221,000,000)	-	-	-
Balances as at March 31, 2019		276,200,000	9,208,985	761,000,000	917,607,160	1,678,607,160	(552,520,000)	1,411,496,145
Transition impact of PFRS 16		-	-	-	(16,794,514)	(16,794,514)	-	(16,794,514)
Restated balances as at April 1, 2019		276,200,000	9,208,985	761,000,000	900,812,646	1,661,812,646	(552,520,000)	1,394,701,631
Net Income		-	-	-	82,260,623	82,260,623	-	82,260,623
Other comprehensive loss		-	(1,027,998)	-	-	-	-	(1,027,998)
Total comprehensive income (loss)		-	(1,027,998)	-	82,260,623	82,260,623	-	81,232,625
Transactions with the owners of the Company								
Additional appropriations		-	-	100,000,000	(100,000,000)	-	-	-
Reversal of appropriations		-	-	(100,000,000)	100,000,000	-	-	-
Dividend distribution	13	-	-	-	(370,000,000)	(370,000,000)	-	(370,000,000)
		-	-	-	(370,000,000)	(370,000,000)	-	(370,000,000)
Balances as at March 31, 2020		P276,200,000	P8,180,987	P761,000,000	P613,073,269	P1,374,073,269	(P552,520,000)	P1,105,934,256

SEE NOTES TO THE FINANCIAL STATEMENTS.

Statements of Cash Flows

	Note	Year ended March 31, 2020	Year ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax		P101,097,240	P114,776,603
Adjustments for:			
Depreciation and amortization	8, 20	383,123,620	173,546,235
Unrealized foreign exchange loss (gain) - net		29,008,461	(2,639,589)
Retirement benefit expense	11, 17	24,843,155	18,836,535
Provision for (reversal) of impairment losses	6	5,881,372	(246,660)
Provision for foreseeable losses		326,259	121,243
Interest income	5, 20	(6,252,856)	(7,252,177)
Gain on sale of property and equipment		(1,785,714)	-
Provision for volume discount		(122,075)	(64,317)
Dividend Income		(140)	-
Operating cash flows before working capital changes		536,119,322	297,077,873
Decrease (increase) in:			
Trade receivables		(290,867,727)	(574,128,502)
Prepayments and other current assets		1,410,151	(87,451,564)
Increase (decrease) in:			
Trade and other payables		175,781,213	216,247,330
Deferred rent		(21,412,423)	(7,255,742)
Cash generated from (used in) operations		401,030,536	(155,510,605)
Income taxes paid		(4,850,826)	(4,023,466)
Benefits paid		(374,141)	-
Net cash provided by operating activities		395,805,569	(159,534,071)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	8	(124,822,060)	(66,465,194)
Decrease (increase) in other assets		47,006,854	(11,217,573)
Interest income received	5	3,310,941	4,413,659
Proceeds from sale of property and equipment		1,785,714	-
Dividend income received		140	-
Net cash used in investing activities		(72,718,411)	(73,269,108)
CASH FLOWS FROM A FINANCING ACTIVITY			
Dividends paid	13	(370,000,000)	-
Repayment of lease liabilities	20	(164,687,611)	-
Interest paid	20	(61,347,133)	-
Net cash used in financing activities		(596,034,744)	-
Net decrease in cash and cash equivalents		(272,947,586)	(232,803,179)
Effect of exchange rate changes on cash and cash equivalents		(91,616)	2,337,640
Cash and cash equivalents at beginning of year		525,862,423	756,327,962
Cash and cash equivalents at end of year	5	P252,823,221	P525,862,423

SEE NOTES TO THE FINANCIAL STATEMENTS

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 (IT), business solutions and outsourcing services.

The Company is a wholly-owned subsidiary of Tata Consultancy Services Asia Pacific Pte. Ltd. (the "Parent Company"), a company incorporated under the laws of Singapore. Tata Consultancy Services Limited (the "Intermediate Parent"), a company incorporated in India and Tata Sons Limited ("the Ultimate Parent"), a company incorporated in India is the Company's ultimate parent company.

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 IT Enterprise on June 2, 2010.

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.

This is the first set of the Company's financial statements in which PFRS 16, on leases have been applied. Changes to the significant accounting policies are described in Note 3 to the financial statements.

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 defined benefit obligation, certain financial instruments which are measured at fair value or amortized cost at the end of each reporting period and lease liabilities which is measured at amortized cost.

Functional and Presentation Currency

The financial statements are measured using the currency of the primary economic environment in which the Company operates. 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 Company's Board of Directors (BOD) on May 19, 2020.

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 new standards starting April 1, 2019 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.

- PFRS 16, Leases

In January 2016, International Accounting Standards Board issued the final version of PFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. PFRS 16 has replaced PAS 17 Leases, and its related interpretations. PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Notes forming part of the Financial Statements

The Company has adopted PFRS 16, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Company as a Lessee

For transition, the Company has elected not to apply the requirements of IFRS 16 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying PFRS 16 to leases previously classified as operating leases under PAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying PAS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognized a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognized at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of P459.60 million and lease liability of P469.75 million has been recognized. The cumulative effect on transition in retained earnings net of taxes is P16.86 million (including the deferred tax of P-0.61 million). Operating lease liabilities of P23 million has been reclassified to retained earnings pursuant to transition to PFRS 16 and prepaid rent of P26 million has been reclassified to right-of-use asset pursuant to transition to PFRS 16. The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per PAS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 6.64% has been applied to lease liabilities recognised in the statement of financial position at the date of initial application.

On application of PFRS 16, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of PFRS 16 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

- Philippine Interpretation IFRIC 23 Uncertainty over Income Tax Treatment

Philippine interpretation IFRIC 23 addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that a company must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

Application of Philippine Interpretation IFRIC 23

TCS Philippines reviewed its income tax treatments in order to determine whether Philippine interpretation IFRIC 23 could have an impact on the financial statements. In that respect, the Company observed that there are no instances of any uncertain tax treatment in the past and on that basis it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence Philippine Interpretation IFRIC-23 is not applicable.

- Amendments to PAS 19, Employee Benefits

Plan Amendment, Curtailment or Settlement (*Amendments to PAS 19, Employee Benefits*). The amendments clarify that: (a) current service cost and net interest for the period are determined using the actuarial assumptions when amendment, curtailment or settlement occurs; and (b) the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

Notes forming part of the Financial Statements

The amendments apply for plan amendments, curtailments or settlements that occur on or after the beginning of the first annual reporting period that begins on or after January 1, 2019. Earlier application is permitted.

Standard Issued but not yet Adopted

- Amendments to References to Conceptual Framework in PFRS Standards sets out amendments to PFRS Standards, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:
 - a new chapter on measurement;
 - guidance on reporting financial performance;
 - improved definitions of an asset and a liability, and guidance supporting these definitions; and
 - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Some Standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

These amendments are effective for annual reporting periods beginning on or after January 1, 2020.

- Definition of Material (Amendments to PAS 1 *Presentation of Financial Statements* and PAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting company. The amendments clarify the definition of material and its application by:
 - (a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';
 - (b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;
 - (c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;
 - (d) clarifying the explanatory paragraphs accompanying the definition; and
 - (e) aligning the wording of the definition of material across PFRS Standards and other publications.

The amendments are expected to help entities make better materiality judgments without substantively changing existing requirements.

The amendments apply prospectively for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

- PFRS 9, PAS 39 and PFRS 7 - Interest Rate Benchmark Reform

In September 2019, IASB issued Interest Rate Benchmark Reform (Amendments to PFRS 9, PAS 39 and PFRS 7). The IASB felt that some hedge accounting requirements in PFRS 9 may be affected by uncertainties arising from the impact of the ongoing reform of some major interest rate benchmarks whereby efforts are being made to replace existing benchmarks with alternative, nearly risk free rates. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors. Therefore, IASB has amended specific hedge accounting requirements to provide exceptions during this period of uncertainty. The amendment primarily states that when determining whether a forecast transaction is highly probable, a company shall assume that the interest rate

Notes forming part of the Financial Statements

benchmark on which the hedged cash flows are based is not altered as a result of the reform. The Company does not expect the amendment to have any significant impact because the Company hedges currency fluctuation risk and contractual cash flows of hedged items and hedging instruments do not vary significantly with changes in interest rate benchmarks.

- **PFRS 3 - Definition of Business**

In October 2018, the IASB issued amendments Definition of a Business (Amendments to PFRS 3) to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments confirmed that a business must include inputs, narrowed the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments primarily provide clearer application guidance. The Company does not expect that the amendment to have any impact on its evaluation of whether activities and assets acquired are a business or a group of assets.

- **PAS 1 - Classification of Liabilities**

In January 2020, IASB issued the final amendments in classification of liabilities as current or noncurrent, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether a company will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

Financial Assets and Financial Liabilities

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.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another company. The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or have expired.

Financial Assets at Amortized 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 acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Notes forming part of the Financial Statements

Financial Liabilities

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

Impairment of Financial Assets (Other than at Fair Value)

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. PFRS 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. 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 allowance 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.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current 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 a company 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.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

	Number of Years
Computer equipment	4
Furniture and fixtures	5
Office equipment	5 - 10
Leasehold improvements	5 or lease term, whichever is shorter

Notes forming part of the Financial Statements

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.

Leases

The Company has adopted PFRS 16, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019. The details of accounting policies under PAS 17 and Philippine Interpretation IFRIC 4 are disclosed separately if they are different from those under PFRS 16.

Policy applicable from January 1, 2019

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognizes the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in profit or loss.

Notes forming part of the Financial Statements

Short-term Leases and Leases of Low-value Assets

The Company has elected not to apply the requirements of PFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease.

Policy Applicable before January 1, 2019

For contracts entered into before January 1, 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether fulfilment of the arrangement was dependent on the use of a specific asset or assets, and the arrangement had conveyed a right to use the asset.

Under PAS 17

In the comparative period, as a lessee the Company classified leases that retain substantially all of the risks and rewards of ownership as operating leases. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense over the term of the lease.

Impairment of Non-financial 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.

Notes forming part of the Financial Statements

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 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

The Company earns revenue primarily from providing IT services, business solutions and outsourcing services. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

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

- Revenue from time and material and job contracts is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognized using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognized upfront at the point in time when the system/software is delivered to the customer. In cases where implementation and/or customization services rendered significantly modifies or customizes the software, these services and software are accounted for as a single performance obligation and revenue is recognized over time on a POC method .
- Revenue from the sale of distinct third party hardware is recognized at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract fulfilment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the license, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognized when there is billings in excess of revenues. Contract liability is presented in the Company's financial statements as "unearned revenue".

The billing schedules agreed with customers could include periodic performance-based payments and/or milestone-based progress payments. Invoices are payable within contractually agreed credit period.

Notes forming part of the Financial Statements

In accordance with PAS 37, the Company recognizes an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Use of significant judgments in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products and services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgment is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. The Company has applied the practical expedient provided by PFRS 15, whereby the Company does not adjust the transaction price for the effects of the time value of money where the period between when the control on goods and services transferred to the customer and when payment thereof is due, is one year or less. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts are recognized using percentage-of-completion method. The Company uses judgment to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

Finance and Other Income

Interest Income

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.

Notes forming part of the Financial Statements

Expense 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 employee compensation of personnel engaged in providing services, travel expenses, fees to external consultants, cost of equipment and software licenses, depreciation and amortization of production related equipment and software, facility expenses, communication expenses and other project related expenses.

Selling, General and Administrative Expenses

Selling costs primarily include employee compensation for sales and marketing personnel, travel expenses, advertising, business promotion expenses, bad debts and advances written off, allowance for doubtful trade receivables and 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 and amortization expenses of non-production equipment and software, facility expenses for administrative offices, communication expenses, fees to external consultants and other general expenses.

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.

Compensated Absences

Compensated absences are recognized as undiscounted liability as at the end of the reporting periods.

Post-employment Benefits

The Company classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, 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 statements of financial position represents the present value of the defined benefit obligation.

Notes forming part of the Financial Statements

Taxes

Current and deferred taxes are recognized in profit and 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.

Current Tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net income as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. As a PEZA-registered company, 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.

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 carry forward benefits of unused net operating loss carry over (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward 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 using substantial enacted tax rates that are expected to apply in the period in which the liability is settled or the asset realized.

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 recoverable from or payable to the tax authority is included as part of receivables or payables in the Company's statements 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 date of the transaction. 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 settlement and retranslation are included in profit or loss for the year. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Notes forming part of the Financial Statements

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.

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 Accounting Judgments, Estimates and Assumptions

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that management have made in the process of applying the company'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 Term and Discount Rate of Lease Arrangements

The company evaluates if an arrangement qualifies to be a lease as per the requirements of PFRS 16. Identification of a lease requires significant judgment. The company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the group is reasonably certain to exercise that option; and periods covered by an

Notes forming part of the Financial Statements

option to terminate the lease if the company is reasonably certain not to exercise that option. In assessing whether the company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

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.

Key source of estimation of uncertainty in respect of revenue recognition, impairment has been discussed in their respective policies.

Estimating Impairment Losses on Trade Receivable

The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. PFRS 9 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. 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.

As at March 31, 2020 and 2019, the management provided for allowances amounting to P6.78 million and P0.90 million, respectively considering doubtful collection from accounts (see Note 6).

Trade receivables recognized in the Company's statements of financial position amounted to P1.49 billion and P1.23 billion, as at March 31, 2020 and 2019, respectively (see Note 6).

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.

There is no change in the EUL of the Company's property and equipment in 2020 and 2019.

As at March 31, 2020 and 2019, the carrying amounts of the Company's property and equipment amounted to P299.05 million and P279.82 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.

Notes forming part of the Financial Statements

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, 2020 and 2019, the Company's management determined that there are no impairment indicators affecting its property and equipment.

Estimating Recoverability of Deferred Tax Assets

The Company reviews its deferred tax assets at each reporting date and reduces the carrying amounts to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company also reviews expected timing and rates upon reversal of temporary differences and adjust 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 Company's past results and future expectation on revenues and expenses.

As at March 31, 2020 and 2019, Company has not recognized deferred tax assets on 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 retirement benefit obligation (see Notes 19 and 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 P24.84 million and P18.84 million in 2020 and 2019, respectively. The carrying amount of the retirement benefit obligation in the Company's statements of financial position amounted to P116.25 million and P90.76 million as at March 31, 2020 and 2019, 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.

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	As at March 31, 2020	As at March 31, 2019
Cash on hand		P1,105,000	P75,000
Cash in banks	22, 23	136,718,221	275,787,423
Cash equivalents	22, 23	115,000,000	250,000,000
		P252,823,221	P525,862,423

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 1.90% and 3.23% in 2020 and 2019, respectively. Income earned on cash in banks amounted to P0.25 million and P0.17 million in 2020 and 2019, respectively, while interest income earned on time deposits amounted to P3.06 million and P4.24 million in 2020 and 2019, respectively.

Notes forming part of the Financial Statements

6. Trade Receivables

(a) Current

This account consists of:

Trade:

Billed receivables

Unbilled receivables

Allowance for impairment losses

As at March 31, 2020	As at March 31, 2019
P1,347,958,831	P1,048,093,613
143,276,287	178,005,691
1,491,235,118	1,226,099,304
(6,781,372)	(900,000)
P1,484,453,746	P1,225,199,304

The average credit period taken on sales of services is 15-75 days. No interest is charged in the receivable exceeding the credit period.

Out of the total trade receivables, due from related parties amounted to P1.18 billion and P917.88 million as at March 31, 2020 and 2019, respectively (see Note 18).

Movements of allowance for impairment losses:

	Note	As at March 31, 2020	As at March 31, 2019
Balance at beginning of year		P900,000	P1,146,660
Reversal		(900,000)	(246,660)
Provision	16	6,781,372	-
Balance at end of year		P6,781,372	P900,000

(b) As at March 31, 2020, non-current trade receivables collectible after one year amounted to P1.9 million.

7. Prepayments and Other Current Assets

This account consist of:

	Note	As at March 31, 2020	As at March 31, 2019
Contract assets	14, 18	P42,712,486	P76,144,603
Advances to employees		18,129,351	16,197,917
Prepaid expenses		16,699,288	11,692,331
Other receivables		9,858,909	8,844,548
Prepaid income tax		7,849,712	16,176,186
Refundable deposits	20, 22, 23	1,856,000	1,856,000
Advance rent	20	478,022	5,089,839
Advances to suppliers		146,758	105,636
Others		192,827	360,543
		P97,923,353	P136,467,603

Prepaid expenses include consumer contracts expenses.

Advance rent of P26 million has been reclassified to right-to-use asset pursuant to transition to PFRS 16.

Other receivables include receivables from Social Security System for benefits paid on behalf of the Company's employees.

Notes forming part of the Financial Statements

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, March 31, 2018	P308,144,183	P76,178,381	P231,312,952	P378,091,633	P10,865,965	P1,004,593,114
Additions	39,760,430	-	3,305,650	-	67,115,988	110,182,068
Reclassifications	4,641,964	-	24,000	6,200,000	(10,865,964)	-
Balance, March 31, 2019	352,546,577	76,178,381	234,642,602	384,291,633	67,115,989	1,114,775,182
Additions	50,674,714	19,121,091	38,196,495	49,434,802	9,098,594	166,525,696
Disposal	(10,042,677)	(3,169,923)	(14,443,358)	(15,857,172)	-	(43,513,130)
Reclassifications	-	-	-	67,115,989	(67,115,989)	-
Balance, March 31, 2020	393,178,614	92,129,549	258,395,739	484,985,252	9,098,594	1,237,787,748
Accumulated Depreciation and Amortization						
Balance, March 31, 2018	237,655,331	45,148,769	142,309,167	236,294,756	-	661,408,023
Depreciation and Amortization	45,172,529	15,010,427	35,214,050	78,149,229	-	173,546,235
Balance, March 31, 2019	282,827,860	60,159,196	177,523,217	314,443,985	-	834,954,258
Depreciation and Amortization	40,593,028	10,635,006	28,392,993	67,679,464	-	147,300,491
Disposal	(10,042,677)	(3,169,923)	(14,443,357)	(15,857,173)	-	(43,513,130)
Balance, March 31, 2020	313,378,211	67,624,279	191,472,853	366,266,276	-	938,741,619
Carrying Amounts						
March 31, 2019	P69,718,717	P16,019,185	P57,119,385	P69,847,648	P67,115,989	P279,820,924
March 31, 2020	P79,800,403	P24,505,270	P66,922,886	P118,718,976	P9,098,594	P299,046,129

The total amount of additions to property and equipment includes cash acquisitions amounting to P124.82 million and P66.47 million as at March 31, 2020 and 2019, respectively.

Management believes that there are no impairment indicators offsetting the Company's property and equipment.

Depreciation and amortization is recognized in profit or loss as follows:

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Cost of services	15	P139,338,689	P169,639,244
General and administrative expenses	16	7,961,802	3,906,991
		P147,300,491	P173,546,235

Notes forming part of the Financial Statements

9. Other Assets

This account consists of:

	Note	As at March 31, 2020	As at March 31, 2019
Refundable deposits	20,22,23	P66,482,061	P67,779,569
Advance rent	20	-	54,345,751
Contract assets	14	3,341,963	4,965,674
Others		18	14
		P69,824,042	P127,091,008

10. Trade and Other Payables

This account consists of:

	Note	As at March 31, 2020	As at March 31, 2019
Trade payables		P470,725,567	P377,468,519
Accrued short-term employee benefits		370,733,203	306,209,949
Provision for volume discount		45,291,073	22,249,785
Unearned revenues	14	31,842,933	26,058,268
Withholding taxes payables		24,560,436	22,725,201
Output VAT		6,065,566	42,009
Other statutory payables		20,093,770	14,737,585
	23	P969,312,548	P769,491,316

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 P0.17 million and P0.02 million as at March 31, 2020 and 2019, respectively. Claims for tax credit amounted to P1.06 million and P1.54 million as at March 31, 2020 and 2019.

Out of the total trade payables, due to related parties amounted to P121.02 million and P109.87 million as at March 31, 2020 and 2019, respectively (see Note 18).

Refer to Note 14 for changes in contract liabilities, presented above as "Unearned revenues".

11. Retirement Benefits

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.

Notes forming part of the Financial Statements

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.

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out at March 31, 2020 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:

	Valuation at	
	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	4.55%	6.18%
Expected rate of salary increase	4.00%	4.00%

Amounts recognized in profit or loss and other comprehensive income in respect of this defined benefit plan are as follows:

	Defined Benefit Obligation	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at beginning of year	P90,757,677	P66,472,230
Included in Profit or Loss		
Current service cost	19,234,321	14,156,890
Interest cost	5,608,834	4,679,645
	24,843,155	18,836,535
Benefits paid	(374,141)	-
Included in OCI		
Remeasurement loss (gain) arising from:		
Changes in financial assumptions	(1,018,873)	10,125,402
Deviations of experience from assumptions	2,046,871	(4,676,490)
	1,027,998	5,448,912
Balance at end of year	P116,254,689	P90,757,677

The total retirement benefits expense charged to cost of services amounted to P18.37 million and P14.05 million in 2020 and 2019, respectively. Total retirement benefits expense charged to general and administrative expenses amounted to P6.47 million and P4.79 million in 2020 and 2019, respectively (see Notes 15, 16 and 17).

Notes forming part of the Financial Statements

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	
		As at March 31, 2020	As at March 31, 2019
Discount rate			
Increase by 0.5%		(P8,447,992)	(P6,097,613)
Decrease by 0.5%		9,454,181	6,740,622
Salary rate			
Increase by 0.5%		9,459,673	6,911,345
Decrease by 0.5%		(8,456,850)	(6,333,583)
Employee Turnover			
Increase by 10%		12,335,861	(6,309,817)
Decrease by 10%		(12,335,861)	6,309,817

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 statements 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

An analysis of the Company's share capital is as follows:

	As at March 31, 2020	As at March 31, 2019
Authorized 3,000,000 ordinary shares of P100 par value		
Issued	2,762,000	2,762,000
Treasury shares	(380,000)	(380,000)
Total issued and outstanding	2,382,000	2,382,000

The Company has one class of ordinary shares which carries no right to fixed income.

Treasury Shares

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 P552.52 million. These shares will not be retired and shall be deemed as treasury shares.

13. Retained Earnings

Under the Corporation Code of the Philippines, the Company is prohibited to retain surplus profits in excess of one hundred percent (100%) of its paid-up capital except: when justified by definite corporate expansion projects or programs approved by the BOD; when a company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not yet been secured; or when it can be clearly shown that such retention is necessary under special circumstances, such as when there is a need for reserve for probable contingencies.

Notes forming part of the Financial Statements

The Company has appropriated its retained earnings for various future business expansion as follows:

- On April 28, 2017, the BOD approved the appropriation of P1.10 billion of its unrestricted retained earnings for business expansion which is expected to continue for the next 4 years. On July 26, 2017, the BOD approved the reversal of appropriated earnings amounting to P560 million for the buyback 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 next 4 years.
- On May 14, 2019, the BOD approved the appropriation of reserve fund in the amount of P100 million out of the total retained earnings of P365.09 million as at March 31, 2019 for business expansion of the Company which is expected to continue for the next 4 years.
- On June 17, 2019, the BOD approved the declaration of Cash Dividends amounting to P370 million same was paid on June 20, 2019. On June 17, 2019, the BOD has approved the reversal of appropriated retained earnings amounting to P100 million.

As a PEZA-registered enterprise, the Company is exempted from Improperly Accumulated Earnings Tax pursuant to Section 4 of Revenue Regulations 2-2001 of the BIR.

14. Revenue

An analysis of the Company's revenue is as follows:

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Sale of service to third parties		P856,831,637	P675,145,583
Sale of service to related parties	18	3,500,645,556	3,152,590,536
		P4,357,477,193	P3,827,736,119

Sale of services is net of volume discount amounting to P61.15 million and P48.09 million in 2020 and 2019, respectively.

Revenue disaggregation by industry vertical is as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Banking, financial and insurance	P1,356,057,463	P1,146,933,272
Energy, resources and utilities	1,110,842,101	1,004,970,383
Life sciences and healthcare	496,123,624	201,268,953
Communication, media and technology	486,883,234	514,159,737
Travel, transport and hospitality	450,412,941	350,671,337
Manufacturing	109,625,807	135,891,564
Retail and consumer products	80,466,660	67,158,070
Others	267,065,363	406,682,803
Total	P4,357,477,193	P3,827,736,119

Revenue disaggregation by geography is as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
America	P2,040,828,901	P1,913,003,884
Asia Pacific	1,634,453,751	1,525,956,995
Europe	114,725,645	137,701,098
Others	567,468,896	251,074,142
Total	P4,357,477,193	P3,827,736,119

Notes forming part of the Financial Statements

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Contract Assets Movement			
Balance at the beginning of the year		P81,110,277	P38,822,359
Revenue recognized during the year		141,150,042	253,350,552
Invoices raised during the year		(175,105,416)	(211,644,486)
Translation exchange difference		(1,100,454)	581,852
Balance at the end of the year	7, 9	P46,054,449	P81,110,277
Contract Liabilities Movement			
Balance at the beginning of the year		(P26,058,268)	(P19,114,532)
Increase due to invoicing during the year excluding amounts recognized as revenue during the year		(25,588,902)	(27,390,597)
Revenue recognized that was included in the contract liability balance at the beginning of the period		20,327,597	19,805,524
Translation exchange difference		(523,360)	641,337
Balance at the end of the year	7, 9	(P31,842,933)	(P26,058,268)

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in PFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome-based and event-based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations P1.65 billion out of which 52% is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Impact of COVID 19:

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from

- the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers not in a position to accept alternate delivery modes using Secured Borderless Work Spaces
- customers postponing their discretionary spend due to change in priorities

The Company has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritize their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays/increased cost in meetings its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognized on percentage-completion-basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realizable values.

Notes forming part of the Financial Statements

15. Cost of Services

This account consists of:

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and other short-term employee benefits	17	P2,749,362,093	P2,290,847,675
Depreciation and amortization	8, 20	373,603,971	169,639,244
Direct cost-intercompany charges	18	166,912,381	218,147,737
Communication		107,188,758	67,778,991
Rent	20	74,641,523	311,832,021
Project cost		53,404,121	43,889,227
Facilities		47,637,744	48,371,922
Repairs and maintenance		38,877,716	41,002,603
Security services		37,211,188	36,104,359
Recruitment and training		21,290,786	20,607,905
Retirement benefits expense	11, 17	18,371,753	14,049,708
Transportation and travel		17,219,438	11,578,192
Legal and professional fees		16,195,961	14,540,389
Taxes and licenses		5,526,931	8,431,820
Others		8,395,927	19,212,004
		P3,735,840,291	P3,316,033,797

Others include office supplies, cleaning supplies and other miscellaneous items.

16. General and Administrative Expenses

This account consists of:

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and other short-term employee benefits	17	P283,784,421	P294,059,173
Management cost	18	43,336,526	29,507,198
Legal and professional fees		13,086,855	12,790,417
Communication		11,919,956	7,688,802
Transportation and travel		8,472,744	8,828,752
Depreciation and amortization	8	9,519,649	3,906,991
Retirement benefits expense	11, 17	6,471,402	4,786,827
Doubtful expense		6,781,372	-
Advertising		3,617,620	2,504,132
Fees paid to business associates		3,335,139	3,811,763
Brand equity contribution	18	2,142,079	1,566,326
Printing and stationery		2,079,155	1,238,897
Recruitment and training		1,628,185	3,861,693
Representation and entertainment		1,583,590	1,214,729
Taxes and licenses		1,537,383	1,538,306
Repairs and maintenance		1,282,271	565,635
Director's fees		99,751	25,000
Rent	20	73	2,666,428
Others		1,707,489	2,114,600
		P402,385,660	P382,675,669

Others include cleaning expenses and miscellaneous items.

Notes forming part of the Financial Statements

17. Employee Benefits

Employee benefits consist of:

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and other short-term employee benefits	15, 16	P3,033,146,514	P2,584,906,848
Retirement benefits expense	11, 15, 16	24,843,155	18,836,535
		P3,057,989,669	P2,603,743,383

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, 2019 and 2018 are as follows:

	Transactions during the year	Outstanding Balance			Terms	Condition	Note
		Trade Receivables	Other Assets	Trade Payables			
2020							
Ultimate Parent							
Brand equity	P2,142,079	P -	P -	P2,142,079	30-day; non-interest bearing	Unsecured, unimpaired	b
Intermediate Parent							
Sales	3,378,772,637	1,158,622,084	23,801,888	42,942,947	30-day; non-interest bearing	Unsecured, unimpaired	a
Volume Discount	61,064,435	-	-	44,608,321	-	-	a
Purchase	139,380,153	-	-	-	30-day; non-interest bearing	Unsecured	a
Direct Cost	162,612,819	-	-	-	-	-	d
Management cost	24,306,944	-	-	-	-	-	d
Parent Company							
Sales	50,470,539	11,216,438	2,159	17,727,772	30-day; non-interest bearing	Unsecured, unimpaired	a
Volume discount	582,313	-	-	567,288	-	-	c
Management cost	19,029,582	-	-	-	-	-	c
Direct cost	1,441,340	-	-	-	-	-	c
Purchase	(2,188)	-	-	-	-	-	c
Dividend declaration	370,000,000	-	-	-	-	-	c
Fellow Subsidiaries							
Sales	132,630,982	13,401,302	10,709,826	8,867,559	30-day; non-interest bearing	Unsecured, unimpaired	a
Volume discount	(418,146)	-	-	(401,038)	30-day; non-interest bearing	Unsecured	a
Purchases	(4,272)	-	-	-	-	-	a
Direct cost	2,857,582	-	-	-	-	-	a
Dividend income	140	-	-	-	-	-	a
Other group of companies							
Purchases	6,570,489	-	-	4,567,708	30-day; non-interest bearing	Unsecured	a
		P1,183,239,824	P34,513,873	P121,022,636			

Notes forming part of the Financial Statements

	Transactions during the year	Outstanding Balance			Terms	Condition	Note
		Trade Receivables	Other Assets	Trade Payables			
2019							
Ultimate Parent							
Sales	P3,106,139,306	P911,858,797	P33,894,478	P -	30-day; non-interest bearing	Unsecured, unimpaired	a
Volume Discount	48,453,190	-	-	-	-	-	a
Purchase	147,573,702	-	9,867,576	98,638,848	30-day; non-interest bearing	Unsecured	a
Direct Cost	218,147,737	-	-	-	-	-	
Management cost	13,740,521	-	-	-	-	-	d
Parent Company							
Sales	35,263,197	1,177,039	-	7,131,283	30-day; non-interest bearing	Unsecured, unimpaired	a
Management cost	15,766,677	-	-	-	-	-	c
Fellow Subsidiaries							
Sales	59,641,223	4,843,879	-	-	30-day; non-interest bearing	Unsecured, unimpaired	a
Purchases	(6,921)	-	-	2,520,374			
Brand equity contributions	1,566,326	-	-	1,582,598	30-day; non-interest bearing	Unsecured	b
		<u>P917,879,715</u>	<u>P43,762,054</u>	<u>P109,873,103</u>			

- 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. Sale of services is net of volume discount amounting to P61.23 million and P48.45 million in 2020 and 2019, respectively.

Contract assets amounting to P20.30 million and P33.89 million are recognized from the Intermediate Parent as at 2020 and 2019, respectively.

- b. On December 23, 2009, the BOD approved the subscription of the Company to Tata Brand Equity & Business Promotion Scheme (Scheme) and authorized its intermediate parent company, Tata Consultancy Services Limited, to enter into a Brand Equity and Business Promotion Agreement through its authorized signatories with Ultimate parent company Tata Sons Limited, on behalf of the Company, towards the Company's subscription to the Scheme. Total fees charged to the Company amounted to P2.14 million and P1.57 million in 2020 and 2019, respectively (see Note 16).
- c. In 2011, the Company's 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 P19.03 million and P15.77 million in 2020 and 2019, respectively (see Note 16).
- d. On April 1, 2013, the Company and its Intermediate parent signed an agreement for General Services and Cost Sharing. The Company is a subsidiary company of Tata Consultancy Services Limited, a group of companies (the "TCS group"), that 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-HQ 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 to the Company amounted to P24.31 million and P13.74 million in 2020 and 2019, respectively (see Note 16).

Notes forming part of the Financial Statements

Remuneration of Key Management Personnel

The remuneration of the key management personnel of the Company consists of short-term benefits amounting to P9.84 million and P12.25 million in 2020 and 2019, respectively.

19. Income Taxes

The Company's income tax expense represents current tax expense amounting to P18.8 million and P10.6 million in 2020 and 2019, respectively.

The reconciliation of the income tax expense computed at the statutory tax rate of 5% and the income tax expense shown in profit or loss is as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Income before income tax	P101,097,240	P114,776,603
Income tax at statutory rate	P4,965,570	P5,738,830
Income subject to 30% ordinary tax	535,756	-
Additions to (reductions in) income tax resulting from the tax effects of:		
Non-deductible expenses	23,489,722	25,587,104
Income subject to ITH	(9,988,884)	(20,511,707)
Income subject to final tax	(165,547)	(220,683)
	P18,836,617	P10,593,544

As at March 31, 2020 and 2019, the gross amount of the Company's unrecognized deferred tax assets on retirement benefit obligations amounted to P35.1 million and P42.1 million as of March 31, 2020 and 2019, respectively.

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 retirement benefit obligation. As a result, the Company has not recognized the deferred tax assets for retirement benefit obligation.

20. Leases

Leases of Office Building Spaces

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 lessee. The rent is payable on a monthly basis with an escalation rate ranging from 5% to 6% on the subsequent years. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

Previously, these were classified as operating leases under PAS 17. Rent expense from these leases recognized in profit or loss amounted P314.50 million in 2019 (see Notes 15 and 16).

In 2019, as a result of the adoption of PFRS 16, the Company recognized right-of-use of assets and lease liabilities for the lease of office spaces and parking.

Right-of-use Assets

The details of the right-of-use assets held by the Company is as follows:

	Additions for the Year Ended March 31, 2020	Net Carrying Amount as at March 31, 2020
Building	P785,751,338	P1,009,007,197
Building - security deposit	9,324,218	9,855,925
	P795,075,556	P1,018,863,122

Notes forming part of the Financial Statements

Amortization on right-of-use assets is as follows:

Building

Building - security deposit

Year Ended March 31, 2020
P232,795,198
3,027,931
P235,823,129

Amortization of right-of-use assets charged to cost of services and general and administrative expenses amounted to P234.26 million and P1.56 million, respectively.

Lease Liabilities

The details of the lease liabilities follow:

Balance at April 1, 2019

Additions during the year

Interest charge for the year

Payments made

Balance at March 31, 2020

P469,751,296
785,751,340
61,347,133
(287,443,285)
P1,029,406,484

Interest on lease liabilities is P61.35 million for the year ended on March 31, 2020.

The total cash outflow for leases is P297.21 million for the year ended March 31, 2020, including cash outflow of P9.76 million for short-term leases and leases of low-value assets.

Other Leases

The Company applied the recognition exemption for right-of-use asset and lease liability on various short-term leases. Rental expense incurred on these lease agreements amounted to P74.64 million in 2020 (see Notes 15 and 16).

Security Deposits

Total deposits made on these lease agreements amounted to P68.33 million and P69.64 million as at March 31, 2020 and 2019 (see Notes 7 and 9). Total advance rent amounted to P0.48 million and P59.44 million as at March 31, 2020 and 2019 respectively (see Notes 7 and 9).

Deferred rent amounted to nil and P21.41 million as at March 31, 2020 and 2019, respectively. Interest income recognized in the statements of comprehensive income amounted to P2.94 million and P2.84 million in 2020 and 2019, respectively.

At the end of each reporting period, the Company had outstanding commitments for future minimum rentals payable under these lease agreements as follows:

Not later than one year

Later than one year but not later than five years

As at March 31, 2020	As at March 31, 2019
P298,233,389	P180,804,370
867,419,831	408,662,587
1,165,653,220	P589,466,957

All additions, alterations and improvements made on the leased office units at Bench Tower and Panorama 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.

Notes forming part of the Financial Statements

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.

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

21. Registration with Philippine Economic Zone Authority

As discussed in Note 1, 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 Income Tax Holiday (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;
- 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 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 January 31, 2019. The 8th Floor of Entec Building IT Services and Business Process Outsourcing is under ITH until September 30, 2017 and obtained an 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 9th Floor of Entec2 Building, IT Services and Processing Outsourcing is under ITH until August 2019 and obtained an extension for addition one year until August 2020. The 8th Floor of Entec2 Building, IT Services and Processing Outsourcing is under ITH until August 2021.

Notes forming part of the Financial Statements

22. Fair Value of Financial Instruments

The fair values of the Company's financial assets and financial liabilities are shown below:

	As at March 31, 2020		As at March 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	P252,823,221	P252,823,221	P525,862,423	P525,862,423
Trade receivables	1,486,395,625	1,486,395,625	1,225,199,304	1,225,199,304
Other receivables	-	-	8,844,548	8,844,548
Refundable deposits	68,338,061	68,338,061	69,635,569	69,635,569
	P1,807,556,907	P1,807,556,907	P1,829,541,844	P1,829,541,844
Financial Liabilities				
Trade and other payables*	P787,163,447	P787,163,447	P731,986,521	P731,986,521
Lease liabilities	P1,029,406,484	P1,029,406,484	-	-
	P1,816,569,931	P1,816,569,931	P731,986,521	P731,986,521

*Excluding non-financial instruments amounting to P182.1 million and P37.50 million as at March 31, 2020 and 2019, respectively.

The difference between the carrying amount of the trade and other payables disclosed in the statements 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. Fair value measurement of lease liabilities is not required.

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.

Notes forming part of the Financial Statements

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and their Philippine peso equivalents at the end of each reporting period are as follows:

		As at March 31, 2020		As at March 31, 2019	
	Currency	Currency Amount	PHP	Currency Amount	PHP
Financial assets					
Cash	USD	806,147	40,936,330	4,210,123	221,355,637
	AUD	7,027	260,373	438	20,067
			41,196,703		221,375,704
Trade receivables	USD	15,629,571	793,669,612	13,579,826	713,986,535
	AUD	7,649,381	240,519,296	4,572,329	170,395,055
	GBP	3,186,860	199,664,331	1,316,093	90,155,715
	INR	-	-	4,921,858	3,742,989
	EUR	366,944	20,507,996	63,059	3,722,264
	MYR	188,882	2,231,701	56,711	730,484
	SGD	77,182	2,752,145	37,900	1,470,273
			1,259,345,081		984,203,315
Financial liabilities					
Trade and other payables	USD	3,572,246	181,529,487	2,486,208	130,717,376
	GBP	67,941	4,256,666	53,483	3,663,693
	EUR	38,545	2,154,239	34,891	2,059,544
	SGD	25,027	892,400	33,158	1,286,311
	MYR	339	4,007	39,491	508,672
	CHF	-	-	414	21,869
	AUD	(646,375)	(20,418,277)	(703,196)	(26,205,690)
			168,418,522		112,051,775
			1,132,123,262		1,093,527,244

Notes forming part of the Financial Statements

Foreign exchange rates as at March 31 are shown in the following table:

Closing exchange rate:

	2020	2019
USD	50.78	52.58
AUD	31.44	37.27
GBP	62.65	68.50
INR	0.67	0.76
EUR	55.89	59.03
MYR	11.82	12.88
SGD	35.66	38.79
CHF	-	52.82

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.

	March 31, 2020	
	Effect on Income before Income Tax	
	10% Increase in the Exchange Rate	10% Decrease in the Exchange Rate
USD	P65,307,645	(P65,307,645)
AUD	26,119,795	(26,119,795)
GBP	19,540,767	(19,540,767)
EUR	1,835,376	(1,835,376)
MYR	222,769	(222,769)
SGD	185,975	(185,975)
	P113,212,327	(P113,212,327)

Notes forming part of the Financial Statements

	March 31, 2019	
	Effect on Income before Income Tax	
	10% Increase in the Exchange Rate	10% Decrease in the Exchange Rate
USD	P80,462,480	(P80,462,480)
AUD	19,662,081	(19,662,081)
GBP	8,649,202	(8,649,202)
INR	374,299	(374,299)
EUR	166,272	(166,272)
MYR	22,181	(22,181)
SGD	18,396	(18,396)
CHF	(2,187)	2,187
	P109,352,724	(P109,352,724)

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 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	As at March 31, 2020	As at March 31, 2019
Cash in banks	5	P136,718,221	P275,787,423
Cash equivalents	5	115,000,000	250,000,000
Trade receivables	6	1,486,395,625	1,225,199,304
Other receivables	7, 22	-	8,844,548
Refundable deposits	7, 9, 22	68,338,061	69,635,569
		P1,806,451,907	P1,829,466,844

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, 2020 and 2019, the aging analysis of the Company's financial assets is as follows:

	Neither Past Due nor Impaired	Past Due Account but not Impaired				Impaired Financial Assets	Total
		1-90 Days Past Due	91-180 Days Past Due	181-270 Days Past Due	Over 271 Days Past Due		
2020							
Cash in banks	P136,718,221	P -	P -	P -	P -	P -	P136,718,221
Cash equivalents	115,000,000	-	-	-	-	-	115,000,000
Trade receivables	626,123,676	782,897,735	70,592,842	-	-	6,781,372	1,486,395,625
Refundable deposits	68,338,061	-	-	-	-	-	68,338,061
	P946,179,958	P782,897,735	P70,592,842	P -	P -	P6,781,372	P1,806,451,907

	Neither Past Due nor Impaired	Past Due Account but not Impaired				Impaired Financial Assets	Total
		1-90 Days Past Due	91-180 Days Past Due	181-270 Days Past Due	Over 271 Days Past Due		
2019							
Cash in banks	P275,787,423	P -	P -	P -	P -	P -	P275,787,423
Cash equivalents	250,000,000	-	-	-	-	-	250,000,000
Trade receivables	602,445,657	542,147,663	41,584,271	10,343,938	27,777,775	900,000	1,225,199,304
Other receivables	8,844,548	-	-	-	-	-	8,844,548
Refundable deposits	69,635,569	-	-	-	-	-	69,635,569
	P1,206,713,197	P542,147,663	P41,584,271	P10,343,938	P27,777,775	P900,000	P1,829,466,844

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
2020			
Cash in banks	P136,718,221	P -	P136,718,221
Cash equivalents	115,000,000	-	115,000,000
Trade receivables	626,123,676	-	626,123,676
Refundable deposits	-	68,338,061	68,338,061
	P877,841,897	P68,338,061	P946,179,958

	Neither Past Due nor Impaired		
	High Grade	Satisfactory Grade	Total
2019			
Cash in bank	P275,787,423	P -	P275,787,423
Cash equivalents	250,000,000	-	250,000,000
Trade receivables	602,445,657	-	602,445,657
Other receivables	-	8,844,548	8,844,548
Refundable deposits	-	69,635,569	69,635,569
	P1,128,233,080	P78,480,117	P1,206,713,197

Notes forming part of the Financial Statements

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.

Cash in Banks and Cash Equivalents

Cash in banks and cash equivalents are held with counterparties with high external credit ratings. The credit quality of these financial assets is considered to be high grade. Impairment on cash in banks and cash equivalents have been measured on a 12-month ECL basis and reflects the short maturities of the exposures. The Company considers that its cash in banks and cash equivalents have low risk based on the external credit ratings of its counterparties.

Trade Receivables

The Company computes impairment loss on trade receivables based on past collection experiences, current circumstances and the impact of future economic conditions, if any, available at the reporting period. Loss rates are based on actual credit loss experience. Any adjustments to the loss rates for forecasts of future economic conditions are not expected to be material. The Company applies the simplified approach in providing for ECL prescribed by PFRS 9, which permits the use of the lifetime expected loss provision and applies a provision matrix. The maturity of the Company's trade receivables is less than one year so the lifetime expected credit losses and the 12-month expected credit losses are similar.

Other Receivables and Refundable Deposits

With respect to credit risk arising from other receivables and refundable deposits, the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these financial assets. The Company trades only with reputable and recognized third parties.

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.

Other Risk - Impact of COVID-19

Financial assets of P253 Million carried at amortized cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of P1,486 million forms a significant part of the financial assets carried at amortized cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to customers in Retail, Travel, Transportation and Hospitality, Manufacturing and Energy verticals which could have an immediate impact and the rest which could have an impact with a lag. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done

Notes forming part of the Financial Statements

in respect of unbilled receivables and contract assets while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables of P6.78 million is considered adequate.

The remaining contractual maturities of the Company's non-derivative financial liabilities as at March 31, 2020 and 2019 amounted to P1.03 billion and P721.64 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:

- The Company enters into bank guarantee for some operational transactions.
- 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 non-current assets.

The Company's equity ratio is as follows:

	As at March 31, 2020	As at March 31, 2019
Total equity	P1,105,934,256	P1,411,496,145
Total assets	3,224,875,492	2,294,441,262
Equity ratio	0.34:1	0.62:1

The Company has not externally imposed capital requirement. There was no change in the Company's approach to capital management for the years ended March 31, 2020 and 2019.

25. Contingent Liabilities and Commitment

The Company has contractually committed P26.97 million as at March 31, 2020, for purchase of property and equipment. The company has given financial guarantees worth P44.74 million as at March 31, 2020.

26. Supplementary Information Required by the Bureau of Internal Revenue (BIR) Under Revenue Regulations (RR) No. 15-2010

In addition to the disclosures mandated under PFRS, 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 PFRS. Following are the tax information required for the taxable period ended March 31, 2020:

A. VAT

	Amount
Output VAT	P41,777,203
Basis of the Output VAT	
Vatable sales	P348,143,356
Exempt sales	-
Zero-rated sales	4,111,000,355
	P4,459,143,711

Notes forming part of the Financial Statements

	Amount
Input VAT	
Beginning of the year	P18,836
Current year's domestic purchases:	
Domestic purchases of goods	657,962
Importation of goods other than capital goods	-
Domestic purchases of services	398,044
Total	1,074,842
Less: Input VAT applied the year	(18,836)
Balance at the end of the period	P1,056,006

B. Withholding Taxes

	Amount
Withholding tax - compensation	P280,394,082
Withholding tax - expanded	25,939,407
Withholding tax - final	59,280,137
Fringe benefit tax	1,438,288
	P367,051,914

C. All Other Taxes (Local and National)

Details of the Company's other taxes and licenses and permits paid or accrued during 2020 are as follows:

	Amount
Charged to Cost of Services	
PEZA processing fee for local sales, permit fees	P5,526,931
Charged to General and Administrative Expenses	
Permit fees, fringe benefit tax	99,095
	P5,626,026

D. Tax Cases

As at March 31, 2020, the Company has no pending tax court cases.

Information on amounts of custom duties, tariff fees and excise taxes is not applicable since there are no transactions that the Company would be subjected to these taxes during the year.

Schedule of reconciliation of retained earnings available for dividend declaration as at March 31, 2020

	Dividend Declaration As At March 31, 2020
Unappropriated Retained Earnings, April 1, 2019	P917,607,160
Adjustments:	
Adjustments on initial application of PFRS 16	(16,794,514)
Unappropriated Retained Earnings, as adjusted, April 1, 2019	900,812,646
Net income for the current year based on the face of the Audited Financial Statements	82,260,623
Less: Non-actual/unrealized income net of tax	
Equity in net income of associate/ joint venture	-
Unrealized foreign exchange gain - after tax (except those attributable to cash and cash equivalents)	-
Unrealized actuarial gain	-
Fair value adjustment (M2M gains)	-
Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP - gain	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Deferred income tax benefit for the year	-
Sub total	-
Add: Non-actual losses	-
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS/GAAP - loss	-
Loss on fair value adjustment of investment property (after tax)	-
Subtotal	-
Net income actually earned during the year	82,260,623
Add (Less): Others	
Dividend declarations during the period	(370,000,000)
Appropriations of retained earnings during the period	(100,000,000)
Reversals of appropriations	100,000,000
Effects of prior period adjustments	-
Treasury shares	(552,520,000)
Subtotal	(922,520,000)
Unappropriated Retained Earnings available for dividend declaration, March 31, 2020	P60,553,269

Tata Consultancy Services Japan, Ltd

ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the year ended
31 March 2020**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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INDEPENDENT AUDITOR'S REPORT

(TRANSLATION)

May 8, 2020

**TO THE BOARD OF DIRECTORS OF
TATA CONSULTANCY SERVICES JAPAN, LTD.**

KPMG AZSA LLC Tokyo Office
Yasuhisa Yajima (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shohei Takiura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise 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. ("The Company") as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 436-2-1 of the Companies Act.

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 the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* 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 Japan, 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 Corporate Auditors 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.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan 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.

Corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

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

As part of our audit in accordance with auditing standards generally accepted in Japan, 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 and the supplementary schedules, 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, while the objective of the audit is not to express 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 and the supplementary schedules 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 whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

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

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act 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 2020

(TRANSLATION)

(In Millions of Yen)

Accounts	Amount	Accounts	Amount
(ASSETS)		(LIABILITIES)	
Current assets	24,897	Current liabilities	15,033
Cash and deposits	11,631	Accounts payable-trade	5,118
Notes and Accounts receivable	11,831	Lease obligations	106
Merchandise	347	Accounts payable-other	112
Supplies	283	Accrued expenses	3,335
Prepaid expenses	764	Accrued income taxes	992
Other current assets	64	Accrued consumption taxes	979
Provision for doubtful debts	(26)	Unearned revenue	767
		Advances received	13
		Provision for bonuses	2,929
		Provision for loss on contracts	152
		Other current liabilities	525
Non-current assets	10,606		
Tangible fixed assets	1,354	Non-current liabilities	864
Buildings	667	Lease obligations	129
Tools, furniture and fixtures	523	Asset retirement obligations	720
Leased assets	157	Other non-current liabilities	14
Construction in progress	6		
		Total Liabilities	15,897
Intangible fixed assets	188	(EQUITY)	
Software	125	Shareholders' equity	19,605
Leased assets	50	Common stock	4,327
Software in progress	12	Capital surplus	2,942
		Legal capital surplus	2,352
Investments and other assets	9,062	Other capital surplus	590
Long-term prepaid expenses	162	Retained earnings	12,335
Guarantee deposits	1,311	Legal reserve	58
Long-term time deposits	5,000	Other retained earnings	12,277
Deferred tax assets	2,527	Retained earnings brought forward	12,277
Other non-current assets	61		
		Total Equity	19,605
TOTAL ASSETS	35,503	TOTAL LIABILITIES AND EQUITY	35,503

(Amounts less than one million yen are rounded down)

Statement of Income from April 1, 2019 to March 31, 2020

(TRANSLATION)

(In Millions of Yen)

Accounts	Amount	
Net sales		76,703
Cost of sales		56,650
GROSS PROFIT		20,052
Selling, general and administrative expenses		15,987
OPERATING INCOME		4,065
Non-operating income		
Other income	68	68
Non-operating expenses		
Interest expenses	5	
Foreign exchange loss	53	58
ORDINARY INCOME		4,074
Extraordinary gain		
Gain on sale of fixed assets	74	74
Extraordinary loss		
Other loss	0	
INCOME BEFORE INCOME TAXES		4,148
Income taxes-current	1,395	
Income taxes-deferred	(69)	1,325
NET INCOME		2,822

(Amounts less than one million yen are rounded down)

Statement of Changes in Equity from April 1, 2019 to March 31, 2020

(In Millions of Yen)

	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	Total		
						Retained earnings brought forward			
Balance as of April 1, 2019	4,327	2,352	590	2,942	58	10,937	10,995	18,265	18,265
Changes during the period									
Dividends of surplus						(1,482)	(1,482)	(1,482)	(1,482)
Net income						2,822	2,822	2,822	2,822
Total Changes during the period	-	-	-	-	-	1,340	1,340	1,340	1,340
Balance as of March 31, 2020	4,327	2,352	590	2,942	58	12,277	12,335	19,605	19,605

(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 realizable 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 taxes

Accounting treatment of consumption taxes is based on the tax exclusion method.

Notes forming part of the Financial Statement

(TRANSLATION)

(Notes to Balance Sheet)

1. Financial assets and liabilities from/to affiliates:

Short-term financial assets	¥1,594 million
Long-term financial assets	¥21 million
Short-term financial liabilities	¥2,650 million

2. Accumulated depreciation of tangible fixed assets

¥5,738 million

The accumulated depreciation includes accumulated impairment losses.

(Notes to Statement of Income)

1. Transactions with affiliates

Operating transactions	
Net sales	¥20,831 million
Cost of sales	¥15,161 million
Selling, general and administrative expenses	¥1,162 million
Non-operating transactions	¥124 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 21, 2019	Common stock	Retained earnings	1,482	15,609	March 31, 2019	May 22, 2019

(2) Dividends for which the record date is in the year ended March 31, 2020, but for which the effective date is in the next fiscal year. During the shareholders' meeting on May 2020, 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 20, 2020	Common stock	Retained earnings	1,411	14,862	March 31, 2020	May 21, 2020

Notes forming part of the Financial Statement

(TRANSLATION)

(Notes to Tax Effect Accounting)

Significant components of deferred tax assets and liabilities

Deferred tax assets	(In Millions of Yen)
Provision for bonuses	897
Accrued expenses	728
Depreciation	220
Asset retirement obligation	220
Social security payable	189
Long-term prepaid expenses	161
Accrued enterprise taxes	87
Provision for loss on contracts	46
Accounts receivable	24
Inventory write-down	23
Accrued business establishment tax	22
Others	22
Deferred tax assets Subtotal	2,645
Valuation allowance	(32)
Deferred tax assets Total	2,612
Deferred tax liabilities	
Asset retirement obligation (assets)	(85)
Deferred tax liabilities Total	(85)
Net deferred tax assets	2,527

(Notes to 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, 2020, are as follows:

	(In Millions of Yen)		
	Carrying value	Fair value	Difference
(1) Cash and deposits	11,631	11,631	-
(2) Notes and Accounts receivable	11,831		
Provision for doubtful debts (*2)	(26)		
	11,805	11,805	-
(3) Guarantee deposits	1,104	1,103	(1)
(4) Long-term time deposits	5,000	5,000	-
(5) Accounts payable-trade	(5,118)	(5,118)	-
(6) Accrued income taxes	(992)	(992)	-
(7) Accrued consumption taxes	(979)	(979)	-

(*1) Liabilities are shown in bracket.

(*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 instruments

- (1) Cash and deposits and (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) The contract interest rate is almost equal to an interest rate applied to new deposits and the market value is close to the book value. Thus, the book value is used.
- (5) Accounts payable-trade, (6) Accrued income taxes and (7) Accrued consumption taxes 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 (¥206 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	Ending balance
Parent	Tata Consultancy Services Limited	66% indirectly owned	System Development consignment, Co-headed directors	Receiving of services	15,089	Accounts payable-trade	2,461

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	34% directly owned	System Development Turnkey, Co-headed Directors	Net sales	20,398	Accounts receivable	1,328

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 ¥ 206,445.26
- 2. Net income per share ¥ 29,723.54

Notes forming part of the Financial Statement

(TRANSLATION)

Supplementary Schedule

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	908	8	49	199	667	2,257	2,925
	Tools, furniture and fixtures	533	225	16	218	523	3,265	3,789
	Leased assets	116	103	-	62	157	214	372
	Construction in progress	1	6	1	-	6	-	6
	TOTAL	1,559	343	68	480	1,354	5,738	7,093
Intangible fixed assets	Software	290	98	0	263	125		
	Lease assets	90	-	-	40	50		
	Software in progress	5	12	5	-	12		
	TOTAL	387	110	5	303	188		

1. Increase in Tools, furniture and fixtures includes ¥118 million for improvement of internal infrastructures such as virtual infrastructure storage server, VCON (video conference system), projectors and office interior.
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	5	26	5	26
Provision for bonuses	2,953	2,929	2,953	2,929
Provision for loss on contracts	164	152	164	152

The basis for accounting and calculation is stated in "Notes to the Significant Accounting Policies".

3. Selling, general and administrative expenses

(In Millions of Yen)

Accounts	Amount
Employee salary	6,999
Employee retirement benefit expenses	286
Employee bonuses	934
Welfare benefits	1,657
Office expenses	1,582
Depreciation and amortization	365
Travel expenses	449
Entertainment	40
Office supplies	25
Information processing	594
Commissioned services	1,008
Tax and public charge	438
Advertising & publicity	263
Provision for doubtful debts	20
Others	1,319
Total	15,987

TATA CONSULTANCY SERVICES ITALIA SRL

Annual Report and Financial Statements

For the year ended

March 31, 2020

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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MANAGEMENT REPORT

REPORT OF THE BOARD OF DIRECTORS OVER THE PERIOD ENDED ON 31 MARCH 2020

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 31/03/2020 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 headquarter and legal office is in MILANO, The Company structure includes the following operating units based in via Panciatichi 31, Firenze, in via Giovanni Verga 12, Maranello (MO) and in via Ernesto Lugaro 15, Torino,

COMPANY PERFORMANCE

The financial statements submitted for your approval show a profit of Euros 935,643; the main factors influencing the annual result are as follows:

- Increase in employees' costs;
- increase in revenues,

The tables below summarize the balance of assets and the company's performance over the period, outlining the factors above mentioned:

(EUR)

Balance Sheet

Receivables from shareholders for payments due

Fixed assets

Current assets

Accruals and deferrals

TOTAL ASSETS

Net worth:

- of which operating profit (loss)

Contingency funds for risks and future

Severance pay

Short term debts

Long term debts

Accruals and deferrals

TOTAL LIABILITIES

Balance as at Marc 31, 2019	Difference	Balance as at Marc 31, 2020
128,404	2,658	131,062
20,762,312	9,201,184	29,963,496
79,457	143,132	222,589
20,970,173	9,346,974	30,317,147
2,778,649	935,645	3,714,294
1,491,987	(556,344)	935,643
262	293	555
981,247	(195,997)	785,250
16,268,450	7,254,300	23,522,750
-	-	-
941,565	1,352,733	2,294,298
20,970,173	9,346,974	30,317,147

Description	Year ended March 31, 2019	% of revenue	Year ended March 31, 2020	% of revenue
Revenue from typical operations	50,929,617	-	52,897,975	-
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	205,214	0,40	80,706	0,15
Costs for services and for use of third-party assets	33,537,138	65,85	33,994,368	64,26
ADDED VALUE	17,187,265	33,75	18,822,901	35,58
Revenue from ancillary operations	18,156	0,04	141,201	0,27
Cost of labour	14,602,746	28,67	16,666,156	31,51
Other operating costs	139,624	0,27	43,357	0,08
GROSS OPERATING MARGIN	2,463,051	4,84	2,254,589	4,26
Depreciations, write-offs and other appropriations	30,283	0,06	38,975	0,07
ORDINARY RESULTS	2,432,768	4,78	2,215,614	4,19
Financial charges and proceeds and value adjustments to financial assets and liabilities	139,318	0,27	18,722	0,04
PRE-TAX RESULT	2,572,086	5,05	2,234,336	4,22
Income tax	1,080,099	2,12	1,298,693	2,46
OPERATING PROFIT (LOSS)	1,491,987	2,93	935,643	1,77

Below are comments over several areas of the company's overall performance,

MACROECONOMIC TREND AND MARKET CONDITIONS

The global economic outlook is now heavily influenced by the still widespread and serious - and in several countries, including Italy still expanding - ongoing health emergency which has increased the chances of a strong slowdown in the economy which already showed signs of weakness in the first phase of 2020. The Italian economy faces this phase of strong instability with activity levels which, already in the last quarter of last year, showed marked signs of a decline. In particular, in the fourth quarter of 2019, the Italian gross domestic product recorded a negative economic change equal to -0,3% (+0,1 for the Euro area),

The outlines and repercussions of the spread of what has recently been categorized by the OECD as a "pandemic" are difficult to quantify. It remains clear that to date a very strong health tension has already been added to a very significant limitation on the circulation of goods and people imposed since the second half of January. Already such measures per se are a clear constriction for the international economy. At the moment there is still great uncertainty about the evolution and the timing of the return of the health emergency and negative, yet difficult to quantify, effects on transport, tourism, consumption and industrial production in numerous countries have already impacted,

For 2020, the country's situation in terms of general economic performance, industrial production, employment and inflation seems to be channelled in the sign of a strong contraction of all macro-economic indicators at the Italian level. In Italy, in fact, the health crisis seems to be more severe, affecting parts of the country with the most advanced industrial fabric and producing around 50% of the GDP of the entire peninsula (Lombardy, Veneto and Emilia Romagna). The spread of COVID-19 has made it necessary for extraordinary measures by the government which have directly affected the movement of goods and people, as well as closing a series of activities,

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	Year ended March 31, 2019	Variation	Var, %	Year ended March 31, 2020
Italy	44,666,691	2,556,173	5,72	47,222,864
Europe	4,541,921	(1,249,372)	(27,51)	3,292,549
Rest of the world	1,721,005	661,557	38,44	2,382,562
Total	50,929,617	1,968,358	-	52,897,975

Sales expenditure split by cost category is shown below:

(EUR)

Category	Domestic	European Market	Foreign Countries
Advertising	60,901		
Total	60,901		

OPERATIONAL STRATEGY

The company operations are located mainly in Milan, Turin, Mogliano, Maranello, Genova and Firenze,

The sole existing operating units are located in Firenze, Maranello (MO) and Torino,

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	48,179
WIP: office equipment	41,090
Total	89,269

The WIP above listed are related to a purchases of laptop for the technician involved in the projects which have not been already in use at the year-end,

FINANCIAL STRUCTURE AND STRATEGY

The company net financial position is detailed below:

(EUR)

Description	Balance as at March 31, 2019	Variation	Balance as at March 31, 2020
a) Short term assets			
Bank deposits	1,697,186	4,924,187	6,621,373
Money and other cash valuables			
Shares and bonds that are not fixed assets			
Financial Loans within 12 months			
Other short-term assets			
LIQUID ASSETS AND SECURITIES FROM CURRENT ASSETS	1,697,186	4,924,187	6,621,373
b) Short term liabilities			
Bonds and convertible bonds (within 12 months)			
Debts with banks (within 12 months)			
Debts with other financial providers (within 12 months)			
Other short-term liabilities			
SHORT TERM FINANCIAL PAYABLES			
NET SHORT TERM FINANCIAL POSITION	1,697,186	4,924,187	6,621,373
c) Medium/long term assets			
Financial loans beyond 12 months			
Other non-commercial receivables			
TOTAL MEDIUM/LONG TERM ASSETS			
d) Medium/long term liabilities			
Bonds and convertible bonds (beyond 12 months)			
Debts with banks (beyond 12 months)			
Debts with other financial providers (beyond 12 months)			
Other medium/long term liabilities			
TOTAL MEDIUM/LONG TERM LIABILITIES			
NET MEDIUM - AND LONG -TERM FINANCIAL POSITION			
NET FINANCIAL POSITION	1,697,186	4,924,187	6,621,373

Following tables show a reclassification of the Balance Sheet on the basis of liquidity use and sources,

(EUR)

Uses	Value	% on the uses
Immediate liquidity	6,621,373	21,84
Deferred liquidity	23,564,712	77,73
Inventory	-	-
Current assets	30,186,085	99,57
Intangible fixed assets		
Tangible fixed assets	131,062	0,43
Financial assets	-	-
Fixed assets	131,062	0,43
Total Uses	30,317,147	100,00

[EUR]

Sources

Current liabilities

Consolidated liabilities

Capital of third parties

Share capital

Accumulated funds and profits (losses)

Current year profit (loss)

Equity**Total Sources**

Values	% on the sources
25,817,048	85,16
785,805	2,59
26,602,853	87,75
100,000	0,33
2,678,651	8,84
935,643	3,09
3,714,294	12,25
30,317,147	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	Balance as at March 31, 2019	Balance as at March 31, 2020	Comment
Primary structure ratio Net worth ----- Financial year fixed assets	The index measures the capacity of the company's financial structure to cover long term investments with its own resources,	21,64	28,34	
Secondary structure ratio Net worth + Consolidated liabilities ----- Financial year fixed assets	The index measures the capacity of the company's financial structure to cover long term with long term sources,	29,28	34,34	

Patrimonial and financial indexes	Meaning	Balance as at March 31, 2019	Balance as at March 31, 2020	Comment
Leverage (financial dependence) Invested capital ----- Net worth	The index measures the intensity of use of indebtedness to cover invested capital,	7,55	8,16	
Flexibility of the uses Circulating assets ----- Invested capital	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,	99,39	99,57	
Total debt ratio Third party financing ----- Net worth	The index represents the equilibrium degree of the financial sources,	6,55	7,16	

Managerial indexes	Meaning	Balance as at March 31, 2019	Balance as at March 31, 2020	Comment
Personnel efficiency Net operating revenue ----- Financial year cost of personnel	The index shows the personnel productivity, calculated as the ratio between the net operating revenue and the cost of personnel,	3,49	3,17	
Days' payables outstanding Payables with Suppliers* 365 ----- Financial year purchases	The index measures, in days, the commercial extension received from the suppliers,	30	34	
Days' sales in receivable Receivables with Customers * 365 ----- Net operating revenue	The index measures, in days, the commercial extension offered to customers,	89	75	

Liquidity indexes	Meaning	Balance as at March 31, 2019	Balance as at March 31, 2020	Comment
Quick ratio Prompt liquidity + deferred liquidity ----- Short term period payables	The index measures the degree of coverage of short-term payables by assets presumably collectible in the short term,	1,20	1,16	

Profitability indexes	Meaning	Balance as at March 31, 2019	Balance as at March 31, 2020	Comment
Return on sales (R,O,S,) Financial year operating result ----- Net operating revenue	The index measures the percentage efficiency of current operations with respect to sales,	4,78	4,19	
Return on investment (R,O,I,) Financial year operating result ----- Financial year invested capital	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,	11,60	7,31	
Return on Equity (R,O,E,) Financial year operating result ----- Net worth	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,	53,69	25,19	

INFORMATION ABOUT THE ENVIRONMENT

At present the commitment about social and territory responsibility is an integral part of its principles and behaviours, 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, aluminium, 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,16 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, 70 men and n, 24 women are employed with a permanent contract;
- the average length of employment is 3/5 years;
- n, 28 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

The Company's operations and growth might be adversely impacted due to incapacitation of sections of the global workforce due to exposure to the aforesaid pandemic, reduced employee productivity, inability to provide work from home access to some employees due to logistical or security or contractual reasons, and suppliers' inability to service the Company.

Demand for the Company's services may be adversely affected not only in industry segments directly impacted by the pandemic - like travel and hospitality, but across other segments as well due to a sharp slowing down of the world's major economies.

However, the Company's relative competitiveness is expected to increase because of its traditional value focus and its strong track record in helping customers improve the efficiency and resilience of their business and IT operations through core transformation initiatives and the Machine First Delivery Model.

Currently, the Company is maintaining regular connect with the employees through the Human Resources and leadership teams to address their COVID 19 related queries and for emotional support

The company has deployed the TCS' Secure Borderless Workspaces (SBWS) infrastructure enabling employees to work from home and ensure business continuity

Regular communication are ongoing with customers and vendors about measures taken to maintain business services and reporting of their operations status.

The Company is regularly assessing the business requirement of the customers in the current situation

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 represent the 2,4% 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,

RESEARCH AND DEVELOPMENT

The Company has not made significant investments in Research and Development during the year,

TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATED AND PARENT COMPANIES AND OTHER GROUP COMPANIES

Throughout the period ended 31th March 2020 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 is listed below:

(EUR)

Entities	Revenues for services	Costs for services	Receivables	Payables
Tata America International Corporation	11	7,546	(53,445)	9,590
Tata Consultancy Services Luxembourg S,A,	4,998	-	1,160	-
Tata Consultancy Services Belgium N,V,/S,A,	500,811	59,114	31,555	29,835
Tata Consultancy Services Deutschland GmbH	1,203,946	-	281,244	14,440
Tata Consultancy Services France S,A,S	230,739	181,770	33,057	49,638
Tata Consultancy Services Limited	2,382,562	27,407,955	3,198,740	16,576,939
Tata Consultancy Services Netherland BV	465,935	145,088	120,681	90,626
Tata Consultancy Services Osterreich GmbH	865,300	-	685,601	-
Tata Consultancy Services Sverige AB	304,427	51,251	15,050	22,489
Tata Consultancy Services Switzerland Ltd	413,630	65,409	9,564	75,384
Tata Consultancy Services Espana SA	131,303	-	126,333	-
Tata Consultancy Services Canada Inc,	-	-	349	-
Tata Consultancy Services Brazil Ltd	-	295,528	-	21,279
Total	6,503,651	28,213,657	4,449,889	16,890,220

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 2019 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	120,681
Payables	90,626
Costs for services	145,088
Revenues for services	465,935

With reference to the established relations we underline that the operations are performed at market term,

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 impacted and probably lower than the current year due to COVID 19 effect.

MILANO, 30/04/2020

Director

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, 2020, 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. Therefore, the Statutory Board has to be appointed with the Shareholders' meeting that will approved this FS. The Board of Directors has made available the following documents approved on May 7, 2020, relating to the financial statement at March 31, 2020: 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, 2020, 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, 2020 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.

Going concern

We draw the attention on what reported in the notes to the financial statements regarding the events occurred after the closing of the exercise, where the directors provided the information regarding the epidemiological emergency due to Covid-19 and to the related analysis on the company's going concern. Here also considering the provisions of the Italian Law Decree n. 23/2020, neutralizing the effects on the Italian companies' going concern deriving from Covid-19, we have no objections to report with reference to the business continuity.

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, 2020, 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 2020 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, 2020 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, 2020, 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, 2020, 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.

Board of Statutory Auditors
The Chairman - **Raffaella Pagani**

The Statutory Auditor - **Davide Attilio Rossetti**

The Statutory Auditor - **Sergio Pagan**

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
Registration 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 (mandatory scheme)

(EUR)

ASSETS

B) Fixed assets

II - Tangible fixed assets

1) land and buildings	-	-
2) plant and machinery	-	-
3) industrial and commercial equipment	-	-
4) other assets	89,972	128,404
5) assets under construction and payments on account	41,090	-
Total tangible fixed assets	131,062	128,404

Total fixed assets (B)

131,062 128,404

C) Current assets

II - Receivables

1) trade accounts		
due within the following year	10,850,775	12,476,316
due beyond the following year	-	-
Total trade accounts	10,850,775	12,476,316
2) due from subsidiary companies		
due within the following year	-	-
due beyond the following year	-	-
Total receivables due from subsidiary companies	-	-
3) due from associated companies		
due within the following year	-	-
due beyond the following year	-	-
Total receivables due from associated companies	-	-
4) due from parent companies		
due within the following year	3,319,421	1,656,657
due beyond the following year	-	-
Total receivables due from parent companies	3,319,421	1,656,657
5) receivables due from companies controlled by parent companies		
due within the following year	1,130,468	568,865
due beyond the following year	-	-
Total receivables paid by companies controlled by parent companies	1,130,468	568,865
5-b) tax receivables		
due within the following year	-	85,098
due beyond the following year	-	-
Total receivables due from tax authorities	-	85,098

(EUR)

5-c) prepaid tax	194,345	130,686
5-d) other receivables		
due within the following year	7,668,814	3,979,102
due beyond the following year	178,300	168,402
Total receivables due from third parties	7,847,114	4,147,504
Total receivables	23,342,123	19,065,126
IV - Liquid funds		
1) bank and post office deposits	6,621,373	1,697,186
2) cheques	-	-
3) cash and equivalents on hand	-	-
Total liquid funds	6,621,373	1,697,186
Total current assets (C)	29,963,496	20,762,312
D) Accrued income and prepayments	222,589	79,457
TOTAL ASSETS	30,317,147	20,970,173
BILITIES AND SHAREHOLDERS' EQUITY		
A) Shareholders' equity		
I - Share capital	100,000	100,000
II - Share premium reserve	-	-
III - Revaluation reserves	-	-
IV - Legal reserve	20,000	20,000
V - Statutory reserves	-	-
VI - Other reserves, indicated separately		
Extraordinary reserve	-	-
Reserves from exceptions as per art, 2423 Civil Code	-	-
Shares reserve of the parent entity	-	-
Investment revaluation reserve	-	-
Contributions for capital increase	-	-
Contributions for future capital increase	-	-
Contributions to capital account or to cover previous losses	-	-
Contributions to cover losses	2,100,000	2,100,000
Capital reduction reserve	-	-
Merger surplus reserve	-	-
Reserve from exchange gains not redeemed	-	-
Reserve from current profit adjustments	-	-
Miscellaneous other reserves	(1)	(1)
Total other reserves	2,099,999	2,099,999
VII - Reserve for hedging expected cash flow operations	0	0
VIII - Retained earnings (accumulated losses)	558,651	(933,337)
IX - Net profit (loss) for the year	935,643	1,491,987
Minimised loss for the year	-	-
X - Negative reserve for own portfolio shares	-	-
Total shareholders' equity	3,714,293	2,778,649

(EUR)

B) Reserves for contingencies and other charges

- 1) pension and similar commitments
- 2) taxation
- 3) passive derivative financial instruments
- 4) other

Total reserves for contingencies and other charges**Total reserve for severance indemnities (TFR)****D) Payables**

- 1) bonds

due within the following year

due beyond the following year

Total bonds

- 2) convertible bonds

due within the following year

due beyond the following year

Total convertible bonds

- 3) due to partners for financing

due within the following year

due beyond the following year

Total payables due to partners for financing

- 4) due to banks

due within the following year

due beyond the following year

Total payables due to banks

- 5) due to other providers of finance

due within the following year

due beyond the following year

Total payables due to other providers of finance

- 6) advances

due within the following year

due beyond the following year

Total advances

- 7) trade accounts

due within the following year

due beyond the following year

Total trade accounts

- 8) payables represented by credit instruments

due within the following year

due beyond the following year

Total payables represented by credit instruments

As at March 31, 2020	As at March 31, 2019
-	-
-	-
-	-
555	262
555	262
785,250	981,247
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
841,429	1,235,653
-	-
841,429	1,235,653
3,192,990	2,794,913
-	-
3,192,990	2,794,913
-	-
-	-
-	-

(EUR)

	As at March 31, 2020	As at March 31, 2019
9) due to subsidiary companies		
due within the following year	-	-
due beyond the following year	-	-
Total payables due to subsidiary companies	-	-
10) due to associated companies		
due within the following year	-	-
due beyond the following year	-	-
Total payables due to associated companies	-	-
11) due to parent companies		
due within the following year	16,667,565	9,652,480
due beyond the following year	-	-
Total payables due to parent companies	16,667,565	9,652,480
11-b) payables due to companies controlled by parent companies		
due within the following year	222,656	402,941
due beyond the following year	-	-
Total payables due to companies controlled by parent companies	222,656	402,941
12) due to tax authorities		
due within the following year	730,711	391,194
due beyond the following year	-	-
Total payables due to tax authorities	730,711	391,194
13) due to social security and welfare institutions		
due within the following year	106,081	161,931
due beyond the following year	-	-
Total payables due to social security and welfare institutions	106,081	161,931
14) other payables		
due within the following year	1,761,319	1,629,338
due beyond the following year	-	-
Total other payables	1,761,319	1,629,338
Total payables (D)	23,522,751	16,268,450
E) Accrued liabilities and deferred income	2,294,298	941,565
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	30,317,147	20,970,173

Income Statement (value and cost of production)

(EUR)

Income statement (value and cost of production)

A) Value of production

- 1) Revenues from sales and services
- 5) Other income and revenues
- Other
- Total Other income and revenues

TOTAL VALUE OF PRODUCTION

B) Costs of production

- 6) Raw, ancillary and consumable materials and goods for resale
- 7) Services
- 8) Use of third party assets
- 9) personnel
 - a) wages and salaries
 - b) related salaries
 - c) severance
 - e) other costs
- Total payroll and related costs
- 10) depreciation, amortisation and write downs
 - b) depreciation of tangible fixed assets
 - d) write-downs of accounts included among current assets
- Total Amortisation, depreciation and write-downs
- 12) Provisions for contingencies and other charges
- 14) Other operating expenses

TOTAL COST OF PRODUCTION

Difference between value and cost of production (A - B)

C) Financial income and charges

- 16) other financial income
 - d) income other than the above
 - other
- Total income other than the above
- Total other financial income
- 17) Interest and other financial expense
 - other
- Total interest and other financial expense
- 17-bis) Currency gains and losses
- Total financial income and expense (15 + 16 - 17 + - 17-bis)

PRE-TAX RESULT (A - B + - C + - D)

20) Income tax for the year, current, deferred and prepaid

- Current taxes
- tax related to previous years
- deferred and prepaid tax

TOTAL TAXES ON THE INCOME FOR THE YEAR

21) PROFIT (LOSS) FOR THE YEAR

Year ended March 31, 2020	Year ended March 31, 2019
52,897,975	50,929,617
141,201	18,156
141,201	18,156
53,039,176	50,947,773
80,706	205,214
32,240,899	32,137,282
1,753,469	1,399,856
14,510,865	12,446,720
1,261,409	1,282,239
323,113	287,293
570,769	586,494
16,666,156	14,602,746
38,525	30,115
161	-
38,686	30,115
289	168
43,357	139,624
50,823,562	48,515,005
2,215,614	2,432,768
13,057	12,457
13,057	12,457
13,057	12,457
4	-
4	-
5,669	126,861
18,722	139,318
2,234,336	2,572,086
1,361,950	1,235,783
402	(93,776)
(63,659)	(61,908)
1,298,693	1,080,099
935,643	1,491,987

Financial Statement, Indirect Method

(EUR)

FINANCIAL STATEMENT, INDIRECT METHOD

A) CASH FLOWS FROM CURRENT ACTIVITIES (INDIRECT METHOD)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit (loss) for the year	935,643	1,491,987
Income tax	1,298,693	1,080,099
Payable (receivable) interest	(13,053)	(12,457)
(Dividends)	-	-
(Capital gains)/Capital losses from business conveyance	-	-
1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from conveyances,	2,221,283	2,559,629
Adjustments to non monetary items that were not offset in the net working capital,		
Allocations to preserves	450	168
Fixed asset depreciation/amortisation	38,525	30,115
Write-downs for long-term value depreciation	-	-
Adjustments to financial assets and liabilities for derivative financial instruments that do not involve monetary transactions	-	-
Other adjustments to increase/(decrease) non-monetary items	323,113	287,293
total adjustments for non-monetary items that were not offset in the net working capital	362,088	317,576
2) Cash flow before changing net working capital	2,583,371	2,877,205
Changes to the net working capital		
Decrease/(increase) in inventory	-	-
Decrease/(increase) in payables to customers	1,625,380	1,064,741
Increase/(decrease) in trade payables	398,077	(165,460)
Increase/(decrease) from prepayments and accrued income	(143,132)	159,013
Increase/(decrease) from accruals and deferred income	1,352,733	(202,095)
Other decreases/(other increases) in net working capital	1,147,752	(2,548,130)
Total changes to net working capital	4,380,810	(1,691,931)
3) Cash flow after changes to net working capital	6,964,181	1,185,274
Other adjustments		
Interest received/(paid)	13,053	12,457
(Income tax paid)	(1,492,759)	(825,445)
Dividends received	-	-
(Use of reserves)	4	-
Other collections/(payments)	(519,110)	(112,366)
Total other adjustments	(1,998,812)	(925,354)
Cash flow from current activities	4,965,369	259,920

(EUR)

B) CASH FLOWS FROM INVESTMENTS

Tangible fixed assets

(Investments)	(41,183)	(99,834)
Disposals	-	220

Intangible fixed assets

(Investments)	-	-
Disposals	-	-

Financial fixed assets

(Investments)	-	-
Disposals	-	-

Short term financial assets

(Investments)	-	-
Disposals	-	-

(Acquisition of branches of business net of liquid assets)

Transfer of branches of business net of liquid assets	-	-

Cash flows from investments (B)

(41.183)	(99.614)

C) CASH FLOWS FROM FINANCING ACTIVITIES

Loan capital

Increase/(decrease) in short term bank loans	-	-

New loans

(Loan repayments)	-	-

Capital increase payments

(Capital repayments)	-	-

Transfer/(purchase) of

(Dividends and advances on dividends paid)	1	1

Cash flows from financing activities (C)

Increase (decrease) in liquid assets (A ± B ± C)	4.924.187	160.307

change rate effect on liquid assets	-	-

Liquid assets at the start of the year

Bank and post office deposits	1,697,186	1,536,879

Loans

Cash and valuables in hand	-	-

Total liquid assets at the start of the year

of which not freely available	-	-

liquid assets at the end of the year

Bank and post office deposits	6 621 373	1 697 186

Loans

Cash and valuables in hand	-	-

Total liquid assets at the end[illegible]

1. *Staphylococcus aureus*, *Staphylococcus epidermidis*, *Staphylococcus saprophyticus*, *Staphylococcus sciuri*, *Staphylococcus carnosus*, *Staphylococcus* sp.

italia Srl Subsidiary Financials 2018 2

Supplementary notes, initial part Publishing principles

Structure and contents of the financial statements

The financial statements for the financial year closed as of March 31, 2020, 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 taking into account the substance of the transaction or arrangement;
- 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,

Applied evaluation criteria

The assessment criteria provided for by art. 2426 of the Civil Code have been applied when drawing up these Financial statements,

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 March 31, 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

Notes forming part of the Financial Statements

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 gain on exchanges is equal to Euros 37,813, while the not collected part of gain on exchanges is equal to Euros 123,548,

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	As at March 31, 2019	Increases	Decreases	As at March 31, 2020
Other assets	128,404	48,179	86,611	89,972
- Electronic equipment	128,404	48,179	86,611	89,972
Fixed assets in progress and down payments		41,090		41,090
Totals	128,404	89,269	86,611	131,062

Tangible fixed assets, after deduction of the depreciation fund, are equal to Euros 131,062 (Euros 128,404 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	-	-	-	284,095	-	284,095
Amortisation (amortisation fund)	-	-	-	155,691	-	155,691
Balance sheet value	-	-	-	128,404	-	128,404
Changes during the year						
Increases for purchases	-	-	-	48,179	41,090	89,269
Decreases for transfers and disposals (of the balance sheet value)	-	0	-	48,086	-	48,086
Depreciation/amortisation for the year	-	-	-	38,525	-	38,525
Total changes	-	-	-	(38,432)	41,090	2,658
Year closing balance						
Cost	-	-	-	284,188	41,090	325,278
Amortisation (amortisation fund)	-	-	-	194,216	-	194,216
Balance sheet value	-	-	-	89,972	41,090	131,062

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	282,522					284,095
Initial depreciation fund	1,573	153,898				220	155,691
Rounding off							
Financial year initial balance		128,624				(220)	128,404
Financial year purchases		48,179					48,179
Financial year sales/ decreases historic cost		48,086					48,086
Financial year sales/ decrease: depreciation fund		(220)					(220)
Financial year depreciations		38,525					38,525
Rounding off							220
Final balance		89,972					89,972

Fixed Assets in progress and down payments

They amount to Euros 41,090 (Euros 0 at the end of the previous financial year) and refer mainly to a purchase of laptops which at the yearend have not been already put in place,

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	12,476,316	(1,625,541)	10,850,775	10,850,775	-	-
receivables due from parent companies included among current assets	1,656,657	1,662,764	3,319,421	3,319,421	-	-
receivables due from companies controlled by parent companies posted to current assets	568,865	561,603	1,130,468	1,130,468	-	-
Tax receivables included among current assets	85,098	(85,098)	-	-	-	-
Assets for prepaid tax included among current assets	130,686	63,659	194,345	-	-	-
Other receivables included among current assets	4,147,504	3,699,610	7,847,114	7,668,814	178,300	-
Total receivables included among current assets	19,065,126	4,276,997	23,342,123	22,969,478	178,300	-

Notes forming part of the Financial Statements

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	Italy	Europe	Rest of the world	Total
Trade receivables included among current assets	10,850,775	-	-	10,850,775
Receivables due from parent companies included among current assets	-	120,681	3,198,740	3,319,421
receivables due from companies controlled by parent companies posted to current assets	-	1,183,564	(53,096)	1,130,468
Assets for prepaid tax included among current assets	194,345	-	-	194,345
Other receivables included among current assets	7,847,114	-	-	7,847,114
Total receivables included among current assets	18,892,234	1,304,245	3,145,644	23,342,123

Receivables with customers

(EUR)

Description	As at March 31, 2019	As at March 31, 2020	Variation
Receivables toward clients	12,781,558	11,156,178	(1,625,380)
Bad Debt fund	(305,242)	(305,403)	(161)
Total	12,476,316	10,850,775	(1,625,541)

Receivables with controlling companies

(EUR)

Description	As at March 31, 2019	As at March 31, 2020	Variation
Tata Consultancy Services LTD	1,290,180	3,198,740	1,908,560
Tata Consultancy Services Netherlands B,V,	366,477	120,681	(245,796)
Total	1,656,657	3,319,421	1,662,764

Receivables from businesses subject to the control of the parent companies

(EUR)

Description	As at March 31, 2019	Variation	As at March 31, 2020
Tata Consultancy Services America International Corp,	3,211	(56,656)	(53,445)
Tata Consultancy Services Sverige AB	16,974	(1,924)	15,050
TCS Asia Pacific PTE LTD	6,273	(6,273)	-
Tata Consultancy Services Osterreich GmbH	209,452	476,149	685,601
Tata Consultancy Services Switzerland LTD	68,577	(59,013)	9,564
Tata Consultancy Services Deutschland GmbH	210,383	70,861	281,244
Tata Consultancy Services Luxembourg S,A,	7,873	(6,713)	1,160
Tata Consultancy Services France SAS	11,426	21,631	33,057
Tata Consultancy Services Belgium N,V/S,A,	34,335	(2,780)	31,555
Tata Consultancy Services Canada Inc,	361	(12)	349
Tata Consultancy Services de Espana		126,333	126,333
Total receivables from businesses subject to the control of the parent companies	568,865	561,603	1,130,468

Notes forming part of the Financial Statements

Other receivables

(EUR)

Description	As at March 31, 2019	As at March 31, 2020	Variation
a) Other receivables following year	3,979,102	7,668,814	3,689,712
Employees receivables	15,073	7,260	(7,813)
Cash deposits	2,679	2,679	-
Other receivables:			
- suppliers' advance	135,454	154,407	18,953
- other	3,825,896	7,504,468	3,678,572
b) Other receivables above following year	168,402	178,300	9,898
Cash deposits	168,402	178,300	9,898
Other receivables:			
Total other receivables	4,147,504	7,847,114	3,699,610

Under "Other Receivables" have been classified receivables towards employees (Euros 15,073), advances paid to suppliers (Euros 135,454) and cash deposits (Euros 168,402),

Receivables include assets for advanced taxes (Euros 190,345) which details are provided in the paragraph related to deferred taxation,

Adjustment of the nominal value of the receivables to the presumed break up 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	305,242	-	161	305,403

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	1,697,186	4,924,187	6,621,373
Total liquid funds	1,697,186	4,924,187	6,621,373

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
Deferred income	79,457	143,132	222,589
Total accrued income and prepaid expenses	79,457	143,132	222,589

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 3,714,294 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	-	-	-	-	-		100,000
Legal reserve	20,000	-	-	-	-	-		20,000
Other reserves								
Contributions to cover losses	2,100,000	-	-	-	-	-		2,100,000
Miscellaneous other reserves	(1)	-	-	2	-	-		(1)
Total other reserves	2,099,999	-	-	2	-	-		2,099,999
Profit (loss) carried forward	(933,337)	-	-	1,491,988	-	-		558,651
Profit (loss) for the year	1,491,987	-	1,491,987	-	-	0	935,643	935,643
Total shareholders' equity	2,778,649	-	1,491,987	1,491,987	-	0	935,643	3,714,293

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	-	-	-
Legal reserve	20,000	U	B	-	-	-
Other reserves						
Contributions to cover losses	2,100,000	C	B	2,100,000	-	-
Miscellaneous other reserves	(1)			-	-	-
Total other reserves	2,099,999			2,100,000	-	-
Profit carried forward	558,651			558,651	-	-
Total	2,778,650			2,658,651	-	-
Residual available share				2,658,651		

Key: A: for capital increase, B: to hedge losses, C: distribution to shareholders, D: for other article of association restraints, E: other

As of March 31, 2020 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	-	-	-	262	262
Changes during the year					
Operating accrual	-	-	-	289	289
Other changes	-	-	-	4	4
Total changes	-	-	-	293	293
Year closing balance	-	-	-	555	555

Staff severance fund

The fund being allocated represents the actual debt of the company with its employees as of al March 31, 2020 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	981,247
Changes during the year	
Operating accrual	323,113
Use in the financial year	362,456
Other changes	(156,654)
Total changes	(195,997)
Year closing balance	785,250

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	1,235,653	(394,224)	841,429	841,429	-	-
Payables to suppliers	2,794,913	398,077	3,192,990	3,192,990	-	-
Payables to parent companies	9,652,480	7,015,085	16,667,565	16,667,565	-	-
Payables due to companies controlled by parent companies	402,941	(180,285)	222,656	222,656	-	-
Tax payables	391,194	339,517	730,711	730,711	-	-
Payables due to social security and welfare institutions	161,931	(55,850)	106,081	106,081	-	-
Other payables	1,629,338	131,981	1,761,319	1,761,319	-	-
Total payables (D)	16,268,450	7,254,301	23,522,751	23,522,751	-	-

Advance payments

(EUR)

Description	As at March 31, 2019	As at March 31, 2020	Variation
a) Advance payments due within a year	1,235,653	841,429	(394,224)
Advance payments from customers	1,235,653	841,429	(394,224)

Payables to Suppliers

(EUR)

Description	As at March 31, 2019	As at March 31, 2020	Variation
a) Payables to suppliers due within a year	2,794,913	3,192,990	398,077
Suppliers within a year:	2,148,601	2,908,819	760,218
Invoices to be received within a year:	646,312	284,171	(362,141)
Total payables to suppliers	2,794,913	3,192,990	398,077

Payables to parent companies

(EUR)

Description	As at March 31, 2019	As at March 31, 2020	Variation
Tata Consultancy Services LTD	9,524,121	16,576,939	7,052,818
Tata Consultancy Services Netherlands B,V,	128,359	90,626	(37,733)
Total payables to parent companies	9,652,480	16,667,565	7,015,085

Under the item "Payables to parent companies" are reclassified not only the payables to Tata Consultancy Services Netherlands B,V, but also the payables to Indian parent company Tata Consultancy Services LTD,

Notes forming part of the Financial Statements

Payables due to companies' subject to the control of the parent companies

(EUR)

Description	As at March 31, 2019	As at March 31, 2020	Variation
Tata Consultancy Services America Int, Corp,	66,275	9,590	(56,685)
Tata Consultancy Services Deutschland GmbH	44,938	14,440	(30,498)
Tata Consultancy Services France SAS	84,607	49,638	(34,969)
Tata Consultancy Services Brasil LTD	26,414	21,279	(5,135)
Tata Consultancy Services Sverige AB	29,418	22,489	(6,929)
Tata Consultancy Services Belgium SA	94,218	29,835	(64,383)
Tata Consultancy Services Switzerland LTD	42,972	75,385	32,413
Tata Consultancy Services Esapana SA	8,926	-	(8,926)
Tata Consultancy Services Luxembourg SA	5,173	-	(5,173)
Total payables due to companies subject to the control of the parent companies	402,941	222,656	(180,285)

Tax payables

(EUR)

Description	As at March 31, 2019	As at March 31, 2020	Variation
Income Tax (IRPEF) / Corporate Income Tax (IRES)	287,921	(194,623)	93,298
Regional Income Tax (IRAP)	-	32,469	32,469
VAT	-	477,426	477,426
Employee withholding taxes	86,621	11,231	97,852
Consultant/collaborator withholding taxes	16,653	13,014	29,667
Rounding off	(1)	-	(1)
Total tax payables	391,194	339,517	730,711

Payables with social security and insurance institutions

(EUR)

Description	As at March 31, 2019	As at March 31, 2020	Variation
Payables with Inps (National Institute of Social Insurance)	161,931	106,081	(55,850)

Other payables

(EUR)

Description	As at March 31, 2019	As at March 31, 2020	Variation
a) Other payables following year	1,629,338	1,761,319	131,981
Employees / similar payables	1,501,596	1,626,714	125,118
Other payables:			
- other	127,742	134,605	6,863
Total other payables	1,629,338	1,761,319	131,981

Notes forming part of the Financial Statements

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 the world	Total
Advances	841,429	-	-	841,429
Payables to suppliers	3,192,990	-	-	3,192,990
Payables due to parent companies	-	90,626	16,576,939	16,667,565
Payables due to companies controlled by parent companies	-	191,787	30,869	222,656
Tax payables	730,711	-	-	730,711
Payables due to social security and welfare institutions	106,081	-	-	106,081
Other payables	1,761,319	-	-	1,761,319
Payables	6,632,530	282,413	16,607,808	23,522,751

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	941,565	1,352,733	2,294,298
Deferred income	-	-	-
Total accrued liabilities and deferred income	941,565	1,352,733	2,294,298

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	As at March 31, 2019	As at March 31, 2020	Variation	Var, %
Revenue from sales and services	50,929,617	52,897,975	1,968,358	3,86
Other revenue and proceeds	18,156	141,201	123,045	677,71
Totals	50,947,773	53,039,176	2,091,403	-

Breakdown of net revenue by geographic area

In accordance with the provisions of point 10) of article 2427 we specify the breakdown of revenue from sales and services by geographic area,

(EUR)

Geographic area	Current year value
Italy	47,222,864
Europe	3,292,549
Rest of the world	2,382,562
Total	52,897,975

Notes forming part of the Financial Statements

Cost of production

The following schedule illustrates the composition and movements in the "Production costs" item,

(EUR)

Description	As at March 31, 2019	As at March 31, 2020	Variation	Var, %
For raw materials, ancillary materials, consumables and goods	205,214	80,706	(124,508)	(60,67)
For services	32,137,282	32,240,899	103,617	0,32
For use of third party assets	1,399,856	1,753,469	353,613	25,26
For personnel:				
a) wages and salaries	12,446,720	14,510,865	2,064,145	16,58
b) social security contributions	1,282,239	1,261,409	(20,830)	(1,62)
c) severance pay	287,293	323,113	35,820	12,47
e) other costs	586,494	570,769	(15,725)	(2,68)
Depreciations and write-offs:				
a) tangible fixed assets	30,115	38,525	8,410	27,93
b) receivables write-offs included in current assets		161	161	
Contingency fund for risks	168	289	121	72,02
Sundry operating charges	139,624	43,357	(96,267)	(68,95)
Totals	48,515,005	50,823,562	2,308,557	-

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,

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	-	-	-	-	13,057	13,057

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	As at March 31, 2019	Variation	Var,%	As at March 31, 2020
Current taxes	1,235,783	126,167	10,21	1,361,950
Taxes relative to previous periods	(93,776)	94,178	(100,43)	402
Advanced taxes	(61,908)	(1,751)	2,83	(63,659)
Totals	1,080,099	218,594	-	1,298,693

"Current taxes" are composed by:

- IRES: Euros 841.126;
- IRAP: Euros 520.824,

Notes forming part of the Financial Statements

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,

(EUR)

Description	As at March 31, 2019		Year variation		As at March 31, 2020	
	IRES	IRAP	IRES	IRAP	IRES	IRAP
ADVANCED TAXES	Amount of temporary differences					
Auditors' fee for FS draft	23,000	-	-	-	23,000	-
Bad debt fund	192,335	-	-	-	192,335	-
Accruals for bonus	274,650	-	319,788	-	594,438	-
Others	54,542	-	(54,542)	-	-	-
Deductible temporary differences totals	544,527	-	265,246	-	809,773	-
Tax losses	-	-	-	-	-	-
IRES and IRAP rate	24,00	3,90	-	-	24,00	3,90
Advanced taxes receivables	130,686	-	63,660	-	194,346	-
Rounding off	-	-	-	-	(1)	-
IRES and IRAP net advanced taxes (deferred taxes)	130,686	-	63,659	-	194,345	-
Total net advanced taxes (deferred taxes)	130,686	-	63,659	-	194,345	-
- allocated to the Income Statement	-	-	63,659	-	-	-

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	2,234,336	
Theoretical tax burden %	24	536,241
Temporary differences deductible in following financial years:		
- Others	594,438	
Total	594,438	
Reversal of temporary differences from previous financial years:		
- entertainment expenses	14,309	
- Others	297,650	
Total	311,959	

Notes forming part of the Financial Statements

(EUR)

Description

Differences that will not be carried forward in following financial years:

- cars' costs
- phone expenses
- fine and sanctions
- other not deductible
- deduction for IRAP
- other deductions

Total

IRES (Corporate Income Tax) taxable base

IRES increase - Current taxes

Current IRES (Corporate Income Tax) for the financial year

Value	Taxes
41,091	
18,325	
1,020	
1,560,000	
(464,694)	
(167,867)	
974,173	
3,504,690	
	841,126

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

IRAP (Regional income tax) taxable base (A - B + b9 + b10 lett. c) and d) + b12 + b13)

Costs irrelevant for IRAP (Regional Income Tax):

- others

Revenue irrelevant for IRAP (Regional Income Tax):

Total

Theoretical tax burden %

Deductions:

- INAIL
- Social contributions
- other employees costs deductible

Total

IRAP (Regional Income Tax) taxable base

Current IRAP (Regional Income Tax) for the financial year

Value	Taxes
18,882,220	
1,505,820	
20,388,040	
3,90	795,134
16,452	
1,383,190	
5,633,940	
7,033,582	
13,354,458	
	520,824

For a full disclosure, it is reported that the company pays IRAP tax in four different regions:

- Tuscany: IRAP applicable rate 4,82%;
- Emilia-Romagna: IRAP applicable rate 3,9%;
- Lombardy: IRAP applicable rate 3,9%;
- Piedmont: IRAP applicable rate 3,9%;

Notes forming part of the Financial Statements

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 March 31, 2020,

	Average number
Directors	12
Middle management	19
Office staff	50
Other employees	10
Total employees	91

For a full disclosure, it is reported that the total of detached staff at the end of the financial year is composed by 156 engineers,,

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 March 31, 2020, as required by the point 16 of article 2427 of the Civil Code,

	Auditors
Remuneration	23,000

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 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	Controlling companies	Other related parties	Total
Revenue	2,848,497	3,655,154	6,503,651
Costs	27,553,043	660,614	28,213,657
Commercial receivables	3,319,422	1,130,468	4,449,889
Commercial debts	16,732,958	157,262	16,890,220

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)

Entity	Revenues for services	Costs for services	Receivables	Payables
Tata America International Corporation		7,542	(53,445)	9,590
Tata Consultancy Services Luxembourg S,A,	4,998		1,160	
Tata Consultancy Services Belgium N,V,/S,A,	500,811	59,114	31,555	29,835
Tata Consultancy Services Deutschland GmbH	1,203,946	-	281,244	14,440
Tata Consultancy Services France S,A,S	230,739	181,770	33,057	49,638
Tata Consultancy Services Limited	2,382,562	27,407,955	3,198,740	16,576,939
Tata Consultancy Services Netherland BV	465,935	145,088	120,681	90,626
Tata Consultancy Services Osterreich GmbH	865,300	-	685,601	-
Tata Consultancy Services Sverige AB	304,427	51,251	15,050	22,489
Tata Consultancy Services Switzerland Ltd	413,630	65,409	9,564	75,384
Tata Consultancy Services Espana SA	131,303	-	126,333	-
Tata Consultancy Services Canada Inc,	-	-	349	-
Tata Consultancy Services Brazil Ltd,	-	295,528	-	21,279
Total	6,503,651	28,213,657	4,449,889	16,890,220

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

Pursuant to art. 2427 no. 22 quater) of the Italian Civil Code after the end of the year, the following is reported,

The global economic outlook is now heavily influenced by the still widespread and serious COVID 19 and in several countries, including Italy still expanding - ongoing health emergency which has increased the chances of a strong slowdown in the economy which already showed signs of weakness in the first phase of 2020, The Italian economy faces this phase of strong instability with activity levels which, already in the last quarter of last year 2019, showed marked signs of a decline, In particular, in the fourth quarter of 2019, the Italian gross domestic product recorded a negative economic change equal to -0,3% (+0,1 for the Euro area),

In relation to the management trend, for the year 2020, in light of the latest macroeconomic developments, the year is expected to be affected in a yet to be defined manner by the evolution of the health crisis (COVID-19) both with reference to Italy and for as regards the developments that it will have at European level, as well as at global level, 2020 is therefore configured as a complex year with significant macroeconomic risks, This will be counterbalanced by the intervention on the economy of national governments, the European Commission and European and non-European central banks that will be activated with economic stimulus activities, with desirable effects for the second half of 2020,

The Company is debt-free and has bank balances of Euros 6.621.373 as at March, 31 2020. These balances are unencumbered and are at the free disposal of the Company. The aforesaid balances constitute 21.84% of total assets of Euros 30,317,147 and thus assures liquidity for the Company.

The Company believes that it has a portfolio of technology and business solutions which are even more relevant in partnering with its customers to make them realize their goals.

Notes forming part of the Financial Statements

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price projects and incorporated the impact of likely delays/increased cost in meetings its obligations, revision of Service Level Agreements etc. The company is regularly monitoring its trade receivables with close attention to the customers who might be undergoing financial stress.

The Company does not foresee any large-scale contraction in demand which could result in significant employee down-sizing, rendering the physical infrastructure redundant. Accordingly, no changes are anticipated in the long term leases for the premises taken on lease.

The potential effects on the balance sheet due to the pandemic from Covid-19 and of the countermeasures that will be taken not only at national, but also European level, cannot be determined to date and will be subject to constant monitoring throughout the year,

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, Figures provided in the following table are rounded to the nearest EUR '000,

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	March 31, 2018	March 31, 2017
A) receivables due from shareholders	-	-
B) Fixed assets	221,765	195,679
C Current assets	161,348	132,990
D) Prepaid expenses and accrued income	-	-
Total assets	383,113	328,669
A) Shareholders' equity		
share capital	66,000	66,000
Reserves	160,086	159,610
Profit (loss) for the year	88,729	45,476
Total shareholders' equity	314,815	271,086
B) Reserves for contingencies and other charges	-	-
Total reserve for severance indemnities (TFR)	-	-
D) Payables	68,298	57,583
E) Accrued expenses and deferred income	-	-
Total liabilities and shareholders' equity	383,113	328,669

Notes forming part of the Financial Statements

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	March 31, 2018	March 31, 2017
A) Value of production	458,425	347,045
B) Costs of production	382,500	288,212
C) Financial income and charges	30,873	1,871
D) Value adjustments to financial assets	-	-
Income taxes for the year	18,069	15,228
Profit (loss) for the year	88,729	45,476

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:	
- carried forward	935,643
Total	935,643

Payment times for commercial transactions

Pursuant to art, 7-ter of Lgs, Decree 231/2002, the average time for payment of suppliers in commercial transactions is 30 days (end of month) from the date of receipt of invoice, Any general delays with regard to the agreed term will be limited to ten working days,

The company's business policies do not envisage requests to suppliers for particular deferments,

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

MILANO, ...

The Directors

Karkaria Pauroosasp Bradshaw

Mukherjee Ajoyendra

Gaitonde Pradeep Manohar

The undersigned _____, as Director, aware of the penal responsibilities in case of false or misleading statement, as per art, 76 of Presidential Decree 445/2000, 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 of the aforementioned decree,

**TATA CONSULTANCY SERVICES
LUXEMBOURG S.A.
Société Anonyme**

**ANNUAL ACCOUNTS AND
REPORT OF THE REVISEUR
D'ENTREPRISES AGREE**

MARCH 31, 2020

**89 D, Rue Pafebruch
L-8308 Capellen
R.C.S. Luxembourg: B112.110**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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Annual accounts	
- Balance sheet	31.5
- Profit and loss account	31.9
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MANAGEMENT REPORT FY 2019-20

TATA Consultancy Services Luxembourg S. A. (Company) during the fiscal year ending on the 31st of March 2020, has shown growth in the Banking and Financial Sector, through additional clientele as well as expansion and increased presence with its key customers. The Company continues to work closely with the TCS relationship teams managing global TCS customers that have operations in Luxembourg. The major component of the growth has been from one of TCS's global clients. The long-term relationship with this customer, the quality of service and innovative offerings has led to consolidating TCS's presence in this account and to marked growth in revenue. The service contracts currently in place have meant enhanced revenue growth for this fiscal year and the years to come.

Finding and hiring local highly qualified resources remains an important challenge in growing our presence in the country. 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 2019-20. However, the COVID 19 pandemic has given rise to an unprecedented economic scenario having future impact on the businesses across the world. Governments and organizations across the world have taken up drastic actions to address the challenges posed by this critical situation.

Under these circumstances, the Company has also taken the following measures to address the challenges;

- Regular connect with the employees through the Human Resources and leadership teams to address their COVID 19 related queries and for emotional support
- Deployment of TCS' Secure Borderless Workspaces (SBWS) infrastructure enabling employees to work from home and ensure business continuity
- Regular communication with customers and vendors about measures taken to maintain business services and reporting of their operations status.
- Regular assessment of the business requirement of the customers in the current situation
- Regular monitoring of funds to maintain adequate liquidity to meet the business commitments

Currently, 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 62.50 million compared to EUR 28.65 million for the previous year. The year ended with an operating profit of EUR 6.47 million as compared to EUR 3.81 million for the previous year. The operating profit at the current level is expected to continue going forward, subject however to the long-term impact of COVID 19 pandemic.

Mr. Pradeep Manohar Gaitonde

May 11, 2020

Mr. Amit Sushil Kapur

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 31 March 2020, 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 31 March 2020, 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 for the annual accounts

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, XX May 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

F. Rouault

Balance Sheet

(EUR)

ASSETS

	Reference(s)	As at March 31, 2020		As at March 31, 2019	
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 3	109	44.876,00	110	49.298,00
I. Intangible assets	1111 -	111	-	112	-
1. Costs of development	1113 -	113	-	114	-
2. Concessions, patents, licenses, 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	44.876,00	126	49.298,00
1. Land and buildings	1127 -	127	-	128	-
2. Plant and machinery	1129 -	129	2.897,00	130	4.449,00
3. Other fixtures and fittings, tools and equipment	1131 -	131	31.784,00	132	42.730,00
4. Payments on account and tangible assets in the course of construction	1133 -	133	10.195,00	134	2.119,00
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	28.969.330,00	152	15.271.629,00
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

continue

(EUR)

	Reference(s)	As at March 31, 2020		As at March 31, 2019	
II. Debtors	1163	-	163 17.028.886,00	164	7.823.636,00
1. Trade debtors	1165	4	165 14.928.434,00	166	6.903.461,00
a) becoming due and payable within one year	1167	-	167 14.928.434,00	168	6.903.461,00
b) becoming due and payable after more than one year	1169	-	169 -	170	-
2. Amounts owed by affiliated undertakings	1171	4	171 1.148.672,00	172	533.849,00
a) becoming due and payable within one year	1173	-	173 1.148.672,00	174	533.849,00
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	5	183 951.780,00	184	386.326,00
a) becoming due and payable within one year	1185	-	185 849.357,00	186	289.143,00
b) becoming due and payable after more than one year	1187	-	187 102.423,00	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 11.940.444,00	198	7.447.993,00
E. Prepayments	1199	6	199 910.108,00	200	851.629,00
TOTAL ASSETS			201 29.924.314,00	202	16.172.556,00

(EUR)

	Reference(s)	As at March 31, 2020		As at March 31, 2019	
CAPITAL, RESERVES AND LIABILITIES					
A. Capital and reserves	1301	-	30114.701.607,00	302	10.477.917,00
I. Subscribed capital	1303	7.1, 8	3035.600.000,00	304	5.600.000,00
II. Share premium account	1305	-	305-	306	-
III. Revaluation reserve	1307	-	307-	308	-
IV. Reserves	1309	7.2, 8	309734.206,00	310	543.459,00
1. Legal reserve	1311	7.2.1, 8	311499.670,00	312	308.923,00
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	7.2.2, 8	429234.536,00	430	234.536,00
a) other available reserves	1431	-	431234.536,00	432	234.536,00
b) other non available reserves	1433	-	433-	434	-
V. Profit or loss brought forward	1319	8	3191.893.710,00	320	519.522,00
VI. Profit or loss for the financial year	1321	8	3216.473.691,00	322	3.814.936,00
VII. Interim dividends	1323	-	323-	324	-
VIII. Capital investment subsidies	1325	-	325-	326	-
B. Provisions	1331	-	3311.501.617,00	332	1.275.298,00
1. Provisions for pensions and similar obligations	1333	-	333-	334	-
2. Provisions for taxation	1335	-	335-	336	-
3. Other provisions	1337	9	3371.501.617,00	338	1.275.298,00
C. Creditors	1435	-	43513.088.932,00	436	3.724.106,00
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)

<i>continue</i>	Reference(s)	As at March 31, 2020		As at March 31, 2019	
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 -	367	33.871,00	368	142.802,00
a) becoming due and payable within one year	1369 10	369	33.871,00	370	142.802,00
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 -	379	7.176.592,00	380	308.374,00
a) becoming due and payable within one year	1381 11	381	7.176.592,00	382	308.374,00
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	5.878.469,00	452	3.272.930,00
a) Tax authorities	1393 -	393	5.787.992,00	394	3.081.443,00
b) Social security authorities	1395 -	395	-	396	50.099,00
c) Other creditors	1397 -	397	90.477,00	398	141.388,00
i) becoming due and payable within one year	1399 -	399	90.477,00	400	141.388,00
ii) becoming due and payable after more than one year	1401 -	401	-	402	-
D. Deferred income	1403 12	403	632.158,00	404	695.235,00
TOTAL CAPITAL, RESERVES AND LIABILITIES		405	29.924.314,00	406	16.172.556,00

Statement of Profit and Loss

(EUR)

	Reference(s)	Year ended March 31, 2020		Year ended March 31, 2019	
1. Net turnover	1701 13	701	62.502.473,00	702	28.650.237,00
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 14	713	349.310,00	714	486.825,00
5. Raw materials and consumables and other external expenses	1671 -	671	(42.659.528,00)	672	(13.693.389,00)
a) Raw materials and consumables	1601 -	601	(15.726,00)	602	(18.800,00)
b) Other external expenses	1603 -	603	(42.643.802,00)	604	(13.674.589,00)
6. Staff costs	1605 15	605	(10.244.258,00)	606	(9.952.359,00)
a) Wages and salaries	1607 -	607	(9.983.098,00)	608	(9.544.974,00)
b) Social security costs	1609 -	609	(216.991,00)	610	(274.850,00)
i) relating to pensions	1653 -	653	(108.597,00)	654	(98.726,00)
ii) other social security costs	1655 -	655	(108.394,00)	656	(176.124,00)
c) Other staff costs	1613 -	613	(44.169,00)	614	(132.535,00)
7. Value adjustments	1657 -	657	(19.216,00)	658	8.145,00
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 3	659	(15.622,00)	660	(10.346,00)
b) in respect of current assets	1661 -	661	(3.594,00)	662	18.491,00
8. Other operating expenses	1621 16	621	(487.964,00)	622	(348.542,00)
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

Statement of Profit and Loss

(EUR)

continue

	Reference(s)	Year ended March 31, 2020		Year ended March 31, 2019	
11. Other interest receivable and similar income	1727	-	727 321.567,00	728	40.753,00
a) derived from affiliated undertakings	1729	-	729 -	730	-
b) other interest and similar income	1731	-	731 321.567,00	732	40.753,00
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 (613.512,00)	628	(86.774,00)
a) concerning affiliated undertakings	1629	-	629 -	630	-
b) other interest and similar expenses	1631	-	631 (613.512,00)	632	(86.774,00)
15. TAX ON PROFIT OR LOSS	1635	17	635 (2.622.793,00)	636	(1.242.504,00)
16. PROFIT OR LOSS AFTER TAXATION	1667	-	667 6.526.079,00	668	3.862.392,00
17. Other taxes not shown under items 1 to 16	1637	17	637 (52.388,00)	638	(47.456,00)
18. PROFIT OR LOSS FOR THE FINANCIAL YEAR	1669	-	669 6.473.691,00	670	3.814.936,00

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 implementation 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Notes forming part of the Financial Statements

Significant accounting policies

2.1. 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.

2.2. 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 fixtures and fittings, tools and equipment: 10%, 20% or 25%

2.3. 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.

2.4. 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.

2.5. 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.

2.6. 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.

2.7. 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.

Notes forming part of the Financial Statements

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.

2.8. Prepayments

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year.

2.9. Deferred income

This liability item includes income received during the financial year but relating to a subsequent financial year.

3. 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
Plant and machinery	621.040	-	-	621.040	(616.591)	(1.552)	(618.143)	2.897
Other fixtures and fittings, tools and equipment	1.980.506	3.124	-	1.983.630	(1.937.776)	(14.070)	(1.951.846)	31.784
Payments on account & tangible fixed assets under development	2.119	8.076	-	10.195	-	-	-	10.195
Tangible Assets	2.603.665	11.200	-	2.614.865	(2.554.367)	(15.622)	(2.569.989)	44.876

4. 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 1.148.672 (March 31, 2019: EUR 533.849) and result from sales and services provided. Income on work in process not yet invoiced to clients amounts to EUR 1.067.257 (March 31, 2019: EUR 864.547).

Notes forming part of the Financial Statements

5. OTHER DEBTORS

Other debtors may be broken down as follows:

(EUR)

	Within one year	After more than one year	As at March 31, 2020	As at March 31, 2019
Security deposit for premises	-	102.423	102.423	97.183
Staff allowance for travel and recoverable expenses	145.562	-	145.562	219.234
Other receivable	1.817	-	1.817	-
Withholding tax on remunerations and wages	104.499	-	104.499	-
Advances for taxes	597.479	-	597.479	69.909
TOTAL	849.357	102.423	951.780	386.326

6. PREPAYMENTS

This asset item includes expenditure incurred during the financial year but relating to the subsequent financial year for an amount of EUR 910.108 (March 31, 2019: EUR 851.629).

7. CAPITAL AND RESERVES

7.1 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..

7.2 Reserves

7.2.1. 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.

7.2.2. Other reserves

The other free reserves remain at EUR 234.536 (March 31, 2019: EUR 234.536).

8. 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	Dividend	Result brought forward	Result for the financial year	TOTAL
Balance as at March 31, 2019	5.600.000	308.923	234.536	-	519.522	3.814.936	10.477.917
Movements for the year:							
- Allocation of previous year's result	-	190.747	-	2.250.001	1.374.188	(3.814.936)	-
- Dividend distribution	-	-	-	(2.250.001)	-	-	(2.250.001)
- Result for the year	-	-	-	-	-	6.473.691	6.473.691
Balance as at March 31, 2020	5.600.000	499.670	234.536	-	1.893.710	6.473.691	14.701.607

Notes forming part of the Financial Statements

9. PROVISIONS

Other provisions may be broken down as follows:

	(EUR)	
	As at March 31, 2020	As at March 31, 2019
Provision for subcontracting expenses	191.831	437.043
Provision for emoluments	567.405	303.537
Provision for intercompany expenses	425.026	282.994
Provision for professional fees	105.364	88.962
Provision for staff welfare	-	29.084
Others	211.991	133.678
	1.501.617	1.275.298

9.1 Others

"Others" consists mainly of Tata Brand Equity Provision (EUR 154.000), Office Common Charges (EUR 11.789) and Employee Expenses Claims (EUR 9.682).

10. TRADE CREDITORS

Trade creditors are made up of suppliers payable.

11. AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

Amounts owed to affiliated undertakings are made of debts on purchase and services for an amount of EUR 7.176.592 (March 31, 2019: EUR 308.374).

12. DEFERRED INCOME

Deferred income includes income received during the financial year ended March 31, 2020 but relating to a subsequent financial year.

13. 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.

14. OTHER OPERATING INCOME

As at year-end, the Company's other operating income may be analysed as follows:

	(EUR)	
	Year ended March 31, 2020	Year ended March 31, 2019
Subsidies for operating activities	33.415	15.564
Benefits in kind	262.497	457.527
Other miscellaneous income	53.398	13.734
TOTAL	349.310	486.825

15. STAFF

The average number of persons employed during the financial year by the Company is as follows:

	As at March 31, 2020	As at March 31, 2019
Senior Management	2	2
Employees	140	138
TOTAL	142	140

Notes forming part of the Financial Statements

16. OTHER OPERATING EXPENSES

As at March 31, 2020, the Company's other operating expenses may be analysed as follows:

(EUR)

	Year ended March 31, 2020	Year ended March 31, 2019
Staff & Wages - Meal Allowance	335.197	280.576
Tata Brand Equity Contribution	152.767	67.247
Other	-	719
	487.964	348.542

17. TAXATION

The Company is subject to all the taxes relevant to commercial companies in Luxembourg.

18. COMMITMENTS

The commitments may be broken down as follows:

(EUR)

	Within one year	After more than one year	As at March 31, 2020	As at March 31, 2019
Fixed rental payments	143.340	717.485	860.825	78.238
Company cars	55.352	44.475	99.827	81.884
TOTAL	198.692	761.960	960.652	160.122

19. 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, 2020, the Company has not granted advances or loans to members of its administration (March 31, 2019: none).

20. RELATED PARTIES

During the financial 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.

21. SUBSEQUENT EVENTS

No significant subsequent events have occurred since the balance sheet date other than the COVID 19, which has potential future impact.

The Company is debt-free and has bank balances of EUR 11.940.444 as at March 31, 2020. These balances are unencumbered and are at the free disposal of the Company. The aforesaid balances constitute 39,90% of Assets (EUR 29.924.314) and 81,21% of the Capital and Reserves (EUR 14.701.607) and thus assures liquidity for the Company.

The Company believes that it has the financial strength and a portfolio of technology and business solutions which are even more relevant in partnering with its customers to make them realise their goals.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price projects and incorporated the impact of likely delays/increased cost in meeting its obligations, revision of Service Level Agreements, etc.

**Tata Consultancy Services
Osterreich GmbH**

FINANCIAL STATEMENTS

**For the year ended
March 31, 2020**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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Independent Auditors' Report

To the Board of Directors

Tata Consultancy Services Osterreich GmbH

Report On The Special Purpose Ind As Financial Statements

Opinion

We have audited the accompanying Special purpose Ind AS financial statements of Tata Consultancy Services Osterreich GmbH ('the Company'), which comprises the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the 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 statements have been prepared by the management as described in Note 2 (a) to the Special Purpose Ind AS financial statements.

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 Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, and its Loss (including other Comprehensive Income), Changes in Equity and its Cash Flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Special purpose Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special purpose Ind AS financial statements under the provisions of the Act and the Rules thereunder, and fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Special purpose Ind AS financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these Special purpose Ind AS financial statements that give a true and fair view of the state of affairs, profit/ loss and (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) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special purpose Ind AS financial statements that give a true and fair view and are free from misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Special purpose Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special purpose Ind AS 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 high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special purpose Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements (To the extent applicable to a Company incorporated outside India)

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 Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statement comply with the Ind AS specified under Section 133 of the Act.

Restriction on Distribution and Use

This Special purpose Ind AS 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, 2020 in accordance with Accounting Standard specified in section 133 of the Companies Act 2013. 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 this Special purpose Ind AS 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)

PLACE: Mumbai

Balance Sheet

(EUR)

	Note	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
Non - current assets			
(a) Property, plant and equipment	8(a)	3,624	2,562
(b) Right-of-use Assets	7	89,948	-
(c) Income tax assets (net)		1,57,838	92,390
Total non-current assets		2,51,410	94,952
Current assets			
(a) Financial assets			
(i) Trade receivables	6(a)	24,91,273	10,12,066
(ii) Unbilled receivables		981	54,711
(iii) Cash and cash equivalents	6(b)	9,63,205	2,24,609
(iv) Loans receivables	6(c)	9,565	9,565
(v) Other financial assets	6(d)	10,857	10,287
(b) Other assets	8(b)	7,91,568	1,19,100
Total current assets		42,67,449	14,30,338
TOTAL ASSETS		45,18,859	15,25,290
II. EQUITY AND LIABILITIES			
Equity			
(a) Share capital	6(j)	35,000	35,000
(b) Other equity	9	5,95,322	6,18,004
Total Equity		6,30,322	6,53,004
Liabilities			
Non-current liabilities			
Financial liabilities		37,551	-
(i) Lease Liabilities	15	4,988	26,360
Deferred tax liabilities (net)		42,539	26,360
Total non-current liabilities			
Current liabilities			
(a) Financial liabilities			
(i) Lease Liabilities	6(e)	52,551	-
(ii) Trade payables	6(f)	26,44,448	5,60,836
(iii) Other Financial Liabilities	10	26,977	-
(b) Unearned and deferred revenue		7,65,627	1,32,228
(c) Income tax liabilities (net)	12	-	2,296
(d) Employee benefit obligations	8(c)	1,940	60
(e) Provisions	8(d)	-	52,892
(f) Other liabilities	14	3,54,455	97,614
Total current liabilities		38,45,998	8,45,926
TOTAL EQUITY AND LIABILITIES		45,18,859	15,25,290

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1-17

As per our report of even date attached.

For and on behalf of the Board of Directors
of Tata Consultancy Services Osterreich GmbH

For KBJ & Associates
Chartered Accountants
Firm registration number : 114934W

Pradeep Manohar Gaitonde
Director
Paris, France

Kaushik B. Joshi
Proprietor
Membership No: 48889
Mumbai,

Sapthagiri Chapalapalli
Director
Frankfurt, Germany

Statement of Profit and Loss

(EUR)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
I. Revenue	10	46,73,925	34,38,230
II. Other income	11	1,954	14,899
III. TOTAL INCOME		46,75,879	34,53,129
IV. Expenses			
(a) Employee benefit expenses	12	2,54,793	1,49,984
(b) Depreciation expense		22,908	1,146
(c) Other expenses	13(a)	44,42,670	27,42,859
(d) Finance costs	14	1,800	553
TOTAL EXPENSES		47,22,171	28,94,542
V. PROFIT/(LOSS) BEFORE TAX		(46,292)	5,58,587
VI. Tax expense			
(a) Current tax	15	(2,296)	(477)
(b) Deferred tax	15	(21,357)	1,45,830
TOTAL TAX EXPENSE		(23,653)	1,45,353
VII. PROFIT/(LOSS) FOR THE YEAR		(22,639)	4,13,234
VIII. TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(22,639)	4,13,234

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1-17

As per our report of even date attached.

For and on behalf of the Board of Directors
of Tata Consultancy Services Osterreich GmbH

For KBJ & Associates

Chartered Accountants

Firm registration number : 114934W

Kaushik B. Joshi

Proprietor

Membership No: 48889

Mumbai,

Pradeep Manohar Gaitonde

Director

Paris, France

Sapthagiri Chapalapalli

Director

Frankfurt, Germany

Statement of Changes in Equity

A) EQUITY SHARE CAPITAL

(EUR)

Balance as on April 01, 2018	Change in equity share capital during the period	Balance as at March 31, 2019
35,000	-	35,000

(EUR)

Balance as on April 01, 2019	Change in equity share capital during the period	Balance as at March 31, 2020
35,000	-	35,000

B) OTHER EQUITY

(EUR)

Balance as at April 1, 2018

Profit for the year

Balance as at March 31, 2019

Balance as at April 01, 2019

Transition impact of Ind AS 116

Loss for the year

Balance as at March 31, 2020

Reserves and surplus	
Retained earnings	Total Equity
2,04,770	2,04,770
4,13,234	4,13,234
6,18,004	6,18,004
6,18,004	6,18,004
(43)	
(22,639)	(22,639)
5,95,322	5,95,322

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1-17

As per our report of even date attached.

For KBJ & Associates

Chartered Accountants

Firm registration number : 114934W

Kaushik B. Joshi

Proprietor

Membership No: 48889

Mumbai,

For and on behalf of the Board of Directors
of Tata Consultancy Services Osterreich GmbH

Pradeep Manohar Gaitonde

Director

Paris, France

Sapthagiri Chapalapalli

Director

Frankfurt, Germany

Statement of Cash Flows

(EUR)

I CASH FLOWS FROM OPERATING ACTIVITIES

Profit/(Loss) before tax

Adjustments to reconcile profit and loss to net cash provided by operating activities:

Depreciation expense

Tax Expense

Finance Costs

Unrealised exchange gain

Operating Profit/(Loss) before working capital changes

Net change in

Trade receivables

Unbilled receivables

Other assets

Loans and other financial assets

Trade payables

Other financial liabilities

Unearned and deferred revenues

Employee benefit obligations

Other liabilities and provisions

Cash generated (used) from operations

Taxes paid (net of refunds)

Net cash generated (used) in operating activities

II CASH FLOWS FROM INVESTING ACTIVITIES

Payment for purchase of property, plant and equipment

Net cash used in investing activities

III CASH FLOWS FROM FINANCING ACTIVITIES

Interest paid

Repayment of lease liabilities

Repayment of lease Interest

Net cash generated from financing activities

Net change in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Exchange difference on translation of foreign currency cash and cash equivalents

Cash and cash equivalents, as at the end of the year (Refer Note 6 (b))

Year ended March 31, 2020	Year ended March 31, 2019
(22,639)	5,58,587
22,908	1,146
(23,653)	-
1,800	-
542	(388)
(21,042)	5,59,345
(14,79,207)	(75,506)
53,731	1,58,554
(6,72,468)	(1,19,100)
(571)	(7,858)
20,30,719	(11,71,336)
26,977	-
6,33,399	1,20,977
1,880	-
2,56,841	(11,171)
8,30,259	(5,46,095)
(65,447)	(1,18,789)
7,64,812	(6,64,884)
(2,949)	-
(2,949)	-
(1,425)	-
(20,925)	-
(376)	-
(22,726)	-
7,39,137	(6,64,884)
2,24,609	8,89,105
(542)	388
9,63,204	2,24,609

IV NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1-17

As per our report of even date attached.

For and on behalf of the Board of Directors
of Tata Consultancy Services Osterreich GmbH

For KBJ & Associates

Chartered Accountants

Firm registration number : 114934W

Kaushik B. Joshi

Proprietor

Membership No: 48889

Mumbai,

Pradeep Manohar Gaitonde

Director

Paris, France

Sapthagiri Chapalapalli

Director

Frankfurt, Germany

Notes forming part of the Financial Statements

1. CORPORATE INFORMATION

Tata Consultancy Services Österreich 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. Tata Consultancy Services Netherlands B.V, the holding Company owned 100% of the Company's equity share capital.

2. STATEMENT OF COMPLIANCE

This special purpose 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 for sole purpose of inclusion for Tata Consultancy Services Limited (Intermediate Holding Company) under the requirement of Section 129(3) of the Companies Act, 2013 ('the Act').

3. 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 or amortised cost 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. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle. Based on the nature of services rendered to customer and time elapsed between deployment of resources and realisation in cash and cash equivalents of the consideration for such a services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under Indirect method.

These financial statements have been presented in EURO which is the functional currency of the Company.

Foreign currency transactions 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 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 retranslated.

The significant accounting policies used in preparation of the standalone financial statements have been discussed in the respective notes.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of 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.

The Company uses the following critical accounting estimates in preparation of its financial statements:

a) Revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration

Notes forming part of the Financial Statements

payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b) 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.

c) 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.

d) Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

e) Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

f) Employee benefits

All the employees of the Company have been seconded from the holding Company. The costs relating to the employee cost is reimbursed to the holding Company which is including the retirement cost as applicable to such seconded employees. Hence no separate actuarial valuation is required to be done by the Company.

g) Lease

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

Notes forming part of the Financial Statements

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5. RECENT INDIAN ACCOUNTING STANDARDS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

6. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY 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.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of asset to another entity. The Company derecognises a financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

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 amortised 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 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 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.

Notes forming part of the Financial Statements

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 issued by the Company are recognised at the proceeds received net of direct issue cost.

Impairment of 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 allowance 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.

a) Trade Receivables

Trade receivables (unsecured) consist of following:

Trade Receivable - Current

Considered good

Less : Allowance for doubtful trade receivables

Credit impaired

Less : Allowance for doubtful trade receivables

	(EUR)
As at March 31, 2020	As at March 31, 2019
24,91,273	10,12,066
-	-
-	-
-	-
24,91,273	10,12,066

Above balances of trade receivables includes balance with related parties (Refer Note 17)

b) Cash and cash equivalents

Cash and cash equivalents consist of the following:

Balances with banks

In current accounts

	(EUR)
As at March 31, 2020	As at March 31, 2019
9,63,205	2,24,609
9,63,205	2,24,609

c) Loans receivables

Loans receivables (unsecured) consist of the following

Loan receivables - current

Considered Good

Loans and advances to employees

	(EUR)
As at March 31, 2020	As at March 31, 2019
9,565	9,565
9,565	9,565

Notes forming part of the Financial Statements

d) Other financial assets

Other financial assets consist of the following:

(EUR)

Other financial assets – Current

Others
Security deposits

As at March 31, 2020	As at March 31, 2019
570	[0]
10,287	10,287
10,857	10,287

e) Trade payables

Trade payables consist of the following:

(EUR)

Accrued expenses
Trade and other payables

As at March 31, 2020	As at March 31, 2019
4,72,769	1,67,155
21,71,679	3,93,681
26,44,448	5,60,836

Above balances of trade payables includes balance with related parties (Refer Note 17)

f) Other financial liabilities

Other financial liabilities consist of the following:

(EUR)

Other financial liabilities – Current

Accrued Payroll
Others

As at March 31, 2020	As at March 31, 2019
26,376	0
601	[0]
26,977	0

g) Financial instruments by category

The carrying value of financial instruments by categories as of March 31, 2020 is as follows:

(EUR)

Financial assets:

Cash and cash equivalents
Trade receivables
Unbilled receivables
Loans receivables
Other financial assets

Total

Financial liabilities:

Trade payables
Lease liabilities
Other financial liabilities

Total

Amortised cost	Total carrying value
9,63,205	9,63,205
24,91,273	24,91,273
981	981
9,565	9,565
10,857	10,857
34,75,881	34,75,881
26,44,448	26,44,448
90,103	90,103
26,977	26,977
27,61,528	27,61,528

Notes forming part of the Financial Statements

The carrying value of financial instruments by categories as of March 31, 2019 is as follows:

	(EUR)	
	Amortised cost	Total carrying value
Financial assets:		
Cash and cash equivalents	2,24,609	2,24,609
Trade receivables	10,12,066	10,12,066
Unbilled revenues	54,711	54,711
Loans receivables	9,565	9,565
Other financial assets	10,287	10,287
Total	13,11,238	13,11,238
Financial liabilities:		
Trade payables	5,60,836	5,60,836
Total	5,60,836	5,60,836

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables, loans receivables and trade payables as at March 31, 2020 and March 31, 2019 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the periods presented. Fair value measurement of lease liabilities is not required.

h) 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 for 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.

i) 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.

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, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

• Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit 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 Company.

Considering the countries and economic environment in which the Company operates, its operations are subject to risk arising from fluctuations in exchange rates in those countries.

Notes forming part of the Financial Statements

The foreign exchange rate sensitivity is calculated by aggregation of net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all 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 and loss and equity.

The following table sets forth information relating to unhedged foreign currency exposure as of March 31, 2020

(EUR))

	2020					
	USD	SEK	CHF	HUF	DKK	NOK
Net financial assets	1,66,181	-	-	-	-	-
Net financial liabilities	24,773	1,369	13,708	19	589	75

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately EUR 12,565. for the year ended March 31, 2020.

The following table sets forth information relating to unhedged foreign currency exposure as of March 31, 2019

(EUR)

	2019					
	USD	SEK	CHF	HUF	DKK	NOK
Net financial assets	1,34,985	-	-	-	-	-
Net financial liabilities	323	1,201	1,390	-	569	86

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in decrease / increase in the Company's profit before tax by approximately EUR 13,142 for the year ended March 31, 2019.

• Interest rate risk

The Company is not exposed to interest rate risk.

Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms 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 receivables (PY unbilled revenue), investments, cash and cash equivalents, bank deposits and other financial assets. 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 EUR 3,475,882 and EUR 1,311,238 as of March 31, 2020 and March 31, 2019, respectively, being the total of the carrying amount of balances with banks, trade receivables, unbilled receivables (previous year: Unbilled Revenue) and other financial assets excluding equity.

The following customers form more than 10% of outstanding trade receivable and unbilled receivables (PY Unbilled revenue) as at March 31, 2020 and March 31, 2019 are as follows.

Notes forming part of the Financial Statements

(EUR)

	As at March 31, 2020		As at March 31, 2019	
	Total Trade receivables and Unbilled receivables	Percentage	Total Trade receivables and Unbilled revenue	Percentage
Customer A	16,12,310	62%	5,76,680	54%
Customer B	4,86,872	19%	-	-
Customer C	3,26,320	13%	3,26,320	31%

Company's cash and cash equivalents, trade receivables, unbilled receivables (PY unbilled revenue), short-term loans and other financial assets are substantially held in Austria.

- **Geographic concentration of credit risk**

The Company is not exposed to the risk as the customer base of Company is concentrated in Austria.

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.

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:

(EUR)

As at March,31 2020	Due in 1st year	Due in 2nd year	Total
Non-derivative financial liabilities:			
Trade payables	26,44,448	-	26,44,448
Lease Liability	53,332	37,760	91,092
Other financial liabilities	26,977	-	26,977
Total	27,24,757	37,760	27,62,517

(EUR)

As at March,31 2019	Due in 1st year	Due in 2nd year	Total
Non-derivative financial liabilities:			
Trade payables	5,60,836	-	5,60,836
Total	5,60,836	-	5,60,836

Other risk – Impact of COVID-19

Financial assets of EUR 963,205 as at March 31, 2020 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of EUR 2,491,273 as at March 31, 2020 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to customers in Retail, Travel, Transportation and Hospitality, Manufacturing and Energy verticals which could have an immediate impact and the rest which could have an impact with a lag. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables and contract assets of EUR 1,07,022 as at March 31, 2020 while arriving at the level of provision that is required.

Notes forming part of the Financial Statements

j) Equity instruments

	(EUR)
	As at March 31, 2020
Authorised :	
Equity share capital (Share Capital of EUR 35000, PY EUR 35000)	35,000
	35,000
Issued, subscribed and paid up:	
Equity share capital (Share Capital of EUR 35000, PY EUR 35000)	35,000
	35,000

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

i) Reconciliation

	(EUR)
	As at March 31, 2020
Equity shares	
Opening balance	35,000
Changes during the year	-
Closing balance	35,000
* The Company does not have number of equity shares.	

ii) 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.

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

	(EUR)
	As at March 31, 2020
Equity Shares	
TCS Netherlands NV (Holding Company)	35,000
% Holding in class	100%

7. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Notes forming part of the Financial Statements

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Refer note 2(f) – Significant accounting policies – Leases in the Annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded

Notes forming part of the Financial Statements

initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of EUR 21,476 and a corresponding lease liability of EUR 21,543 has been recognized. The cumulative effect on transition in retained earnings net off taxes is EUR 43 (including a deferred tax of EUR 15). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 1% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The details of the right-of-use asset held by the Company is as follows:

	(EUR)	
	Additions for the year ended March 31, 2020	Net carrying amount as at March 31, 2020
Leasehold building	1,10,970	1,10,970
Total	1,10,970	1,10,970

Depreciation on right-of-use asset is as follows:

	(EUR)
	Year ended March 31, 2020
Leasehold building	(21,022)
Total	(21,022)

Interest on lease liabilities is EUR 376 for the year ended on March 31, 2020.

The Company incurred EUR 39,812 for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

8. NON-FINANCIAL ASSETS AND NON-FINANCIAL LIABILITIES

a) Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Notes forming part of the Financial Statements

Depreciation is provided for property, plant and equipment on a 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 Lives
Computer equipment	4 years

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

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.

Property, plant and equipment consist of the following:

Cost as at April 1, 2019

Additions

Disposals

Cost as at March 31, 2020

Accumulated depreciation as at April 1, 2019

Depreciation for the year

Accumulated depreciation as at March 31, 2020

Net Carrying amount as at March 31, 2020

(EUR)

Computer Equipment
4,584
2,949
-
7,533
(2,022)
(1,887)
(3,909)
3,624

Cost as at April 1, 2018

Additions

Disposals

Cost as at March 31, 2019

Accumulated depreciation as at April 1, 2018

Depreciation for the year

Accumulated depreciation as at March 31, 2019

Net Carrying amount as at March 31, 2019

(EUR)

Computer equipment
4,584
-
-
4,584
(876)
(1,146)
(2,022)
2,562

Notes forming part of the Financial Statements

b) Other assets

Other assets consist of the following:

Other assets – Current

Considered Good

Contract assets
Prepaid expenses

(EUR)

As at March 31, 2020	As at March 31, 2019
1,06,041	41,100
6,85,527	78,000
7,91,568	1,19,100

c) Provisions

Provisions consist of the following:

Provisions - Current

Provision for foreseeable Loss
Other provisions

(EUR)

As at March 31, 2020	As at March 31, 2019
-	52,892
-	-
-	52,892

d) Other liabilities

Other liabilities consist of the following:

Other liabilities - Current

Indirect tax payable and other statutory liabilities
Advance received from customers

(EUR)

As at March 31, 2020	As at March 31, 2019
3,18,697	94,563
35,758	3,052
3,54,455	97,614

9. OTHER EQUITY

Other equity consist of the following:

Retained earnings

Opening balance
Profit/(Loss) for the year
Transition impact of Ind AS 116

(EUR)

As at March 31, 2020	As at March 31, 2019
6,18,004	2,04,770
(22,639)	4,13,234
(43)	-
5,95,322	6,18,004

10. REVENUE RECOGNITION

The Company earns revenue primarily from providing information technology , consultancy services and business solutions for its customers. The Company offers a consulting-led, integrated portfolio of IT, business and engineering services and solutions.

Notes forming part of the Financial Statements

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from subsidiaries is recognised based on transaction price which is at arm's length.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Revenue disaggregation by nature of services is as follows:

	(EUR)	
	Year ended March 31, 2020	Year ended March 31, 2019
Consultancy services	46,73,925	34,38,230
Total	46,73,925	34,38,230

Notes forming part of the Financial Statements

Revenue disaggregation by industry vertical is as follows:

Industry Vertical	(EUR)	
	Year ended March 31, 2020	Year ended March 31, 2019
Banking, Financial Services and Insurance	39,08,122	30,92,029
Manufacturing	2,81,239	88,596
Retail and Consumer Business	-	58,405
Communication , Media and Technology	1,79,963	36,612
Energy & Utilities	2,59,330	1,42,380
Others	45,271	20,208
	46,73,925	34,38,230

Revenue disaggregation by geography is as follows:

Geography	(EUR)	
	Year ended March 31, 2020	Year ended March 31, 2019
Europe	46,73,925	34,38,230
	46,73,925	34,38,230

Geographical revenue is allocated based on the location of the customers.

Information about major customers:

UniCredit Business Integrated Solutions Austria GmbH & UniCredit Services GmbH represents 10% or more of the Company's total revenue during the year ended March 31, 2020 and March 31, 2019.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revaluations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is EUR 2,718,788 out of which 60.28% is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in Contract assets are as follows

	(EUR)	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	41,100	2,13,265
Revenue recognised during the year	3,23,530	2,10,416
Invoices raised during the year	(2,58,589)	(3,82,581)
Translation exchange difference	-	-
Balance at the end of the year	1,06,041	41,100

Notes forming part of the Financial Statements

Changes in Unearned and deferred revenue are as follows :

(EUR)

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	1,32,228	11,250
Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year	(1,32,228)	(11,250)
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	7,65,627	1,32,228
Translation exchange difference	-	-
Balance at the end of the year	7,65,627	1,32,228

Reconciliation of revenue recognized with the Contracted price is as follows :

(EUR)

	Year ended March 31, 2020	Year ended March 31, 2019
Contracted price	46,73,925	34,38,230
Reductions towards variable consideration components	-	-
Revenue recognised	46,73,925	34,38,230

Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from

- the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers not in a position to accept alternate delivery modes using Secured Borderless WorkSpaces.
- customers postponing their discretionary spend due to change in priorities.

The Company has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meeting its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage-completion-basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

Notes forming part of the Financial Statements

11. OTHER INCOME

Other Income Consist Of The Following:

(EUR)

Net foreign exchange gains
Other income

Year ended March 31, 2020	Year ended March 31, 2019
(1,954)	(14,510)
-	-
(1,954)	(14,510)

12. EMPLOYEE BENEFITS

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is 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.

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.

Employee benefit expenses consist of the following:

(EUR)

Salaries, incentives and allowances
Contributions to Retirement funds
Staff welfare expenses

Year ended March 31, 2020	Year ended March 31, 2019
2,40,757	1,45,097
13,918	4,700
118	187
2,54,793	1,49,984

Employee benefit obligations consist of the following:

(EUR)

Employee benefit obligations – Current

Other employee benefit obligations

Year ended March 31, 2020	Year ended March 31, 2019
1,940	60
1,940	60

13. 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, cost of equipment and software licenses, depreciation and amortisation expense and other expenses. Other expenses mainly include fees to external consultants, facility expenses, travel expenses, communication expenses, bad debts and advances written off, allowance for doubtful trade receivable and advances (net) 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.

Notes forming part of the Financial Statements

a) Other expenses

Other expenses consist of the following:

Industry Vertical

Fees to external consultants (including subcontractor cost)*
 Project expenses
 Facility expenses
 Travel expenses
 Communication expenses
 Other expenses

(EUR)

Year ended March 31, 2020	Year ended March 31, 2019
22,09,043	13,50,634
18,87,162	12,19,884
39,823	18,212
12,189	2,294
729	-
2,93,724	1,51,835
44,42,670	27,42,859

* Cost of personnel on deputation from TCS

14. FINANCE COSTS

Finance costs consist of the following:

Other interest costs
 Interest on lease liabilities

(EUR)

Year ended March 31, 2020	Year ended March 31, 2019
1,425	553
375	-
1,800	553

15. 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 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.

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.

Notes forming part of the Financial Statements

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

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

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

The Income-tax expenses consist of the following:

	(EUR)	
	Year ended March 31, 2020	Year ended March 31, 2019
Current tax		
Current tax expense for current year	-	-
Current tax benefit pertaining to prior years	(2,296)	(477)
	(2,296)	(477)
Deferred tax		
Deferred tax (benefit)/ expense for current year	(21,357)	1,39,647
Deferred tax (benefit)/ expense pertaining to prior years	-	6,183
	(21,357)	1,45,830
Total income tax expense recognised in current year	(23,653)	1,45,353

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

	(EUR)	
	Year ended March 31, 2020	Year ended March 31, 2019
Profit/(Loss) before taxes	(46,292)	5,58,587
Enacted Income tax rate in Österreich	25.00%	25.00%
Expected Income tax expense	-	1,39,647
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Deferred tax adjustment of PY accounted in CY	-	6,183
Tax pertaining to prior years	-	(477)
	-	1,45,353

The tax rates under TCS Österreich Income Tax Act, for the year ended March 31, 2020 and March 31, 2019 is 25%

Notes forming part of the Financial Statements

Significant components of net deferred tax assets and deferred tax liabilities for the year ended March 31, 2020 are as follows:

(EUR)

Particulars

Deferred tax assets/ (liabilities) in relation to

Lease Liabilities

Others

Total deferred tax assets/ (liabilities)

Opening balance	Recognised in profit or loss	Recognised in retained earnings	Closing Balance
-	(15)	15	0
(26,360)	21,372	-	(4,988)
(26,360)	21,357	15	(4,988)

Gross deferred tax assets and liabilities are as follows:

(EUR)

As at March 31, 2020

Deferred tax assets/ (liabilities) in relation to

Lease Liabilities

Others

Total deferred tax assets/ (liabilities)

Assets	Liabilities	Net
-	-	-
3,878	8,866	(4,988)
3,878	8,866	(4,988)

Significant components of net deferred tax assets and deferred tax liabilities for the year ended March 31, 2019 are as follows:

(EUR)

Particulars

Deferred tax assets/ (liabilities) in relation to

Others

Transition impact of Ind AS 116

Total deferred tax liabilities

Opening balance	Recognised in profit or loss	Recognised in retained earnings	Closing Balance
-	(26,360)	-	(26,360)
-	-	-	-
-	(26,360)	-	(26,360)

Gross deferred tax assets and liabilities are as follows:

(EUR)

As at March 31, 2019

Deferred tax assets/ (liabilities) in relation to

Others

Transition impact of Ind AS 116

Total deferred tax assets/ (liabilities)

Assets	Liabilities	Net
44,459	(70,819)	(26,360)
-	-	-
44,459	(70,819)	(26,360)

16. SEGMENT INFORMATION

The Company publishes the standalone financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

Notes forming part of the Financial Statements

17. RELATED PARTY TRANSACTIONS

Tata Consultancy Services Österreich GmbH's principal related parties consist of its holding Company Tata Consultancy Services Netherlands BV , intermediate holding Company Tata Consultancy Services Limited and ultimate holding Company Tata Sons Private Limited. Company routinely enters into transactions with its related parties in the ordinary course of business.

Transactions with related parties are as follows:

(EUR)

	Year ended March 31,2020			
	Tata Sons Private Limited	Tata Consultancy Services (TCS) limited	Subsidiaries of TCS	Total
Revenue	-	-	1,70,896	1,70,896
Purchases of goods and services (including reimbursement)	-	14,11,040	8,13,668	22,24,708
Brand equity contribution	-	-	-	-
Cost Recovery	-	(2,858)	1,16,543	1,13,685

(EUR)

	Year ended March 31,2019			
	Tata Sons Private Limited	Tata Consultancy Services (TCS) limited	Subsidiaries of TCS	Total
Revenue	-	-	1,39,596	1,39,596
Purchases of goods and services (including reimbursement)	-	(57,011)	8,22,518	7,65,507
Brand equity contribution	8,247	-	-	8,247
Cost Recovery	-	-	-	-

Balance Receivable from related parties are as follows:

(EUR)

	Year ended March 31,2020			
	Tata Sons Private Limited	Tata Consultancy Services (TCS) limited	Subsidiaries of TCS	Total
Trade receivables and unbilled receivables (net)	-	3,26,320	33,165	3,59,485
Loans Receivable, other financial assets and other assets	-	6,20,848	65,250	6,86,098
Total	-	9,47,168	98,415	10,45,583

Notes forming part of the Financial Statements

(EUR)

	Year ended March 31,2019			
	Tata Sons Private Limited	Tata Consultancy Services (TCS) limited	Subsidiaries of TCS	Total
Trade receivables and unbilled receivables (net)	-	3,26,320	12,600	3,38,920
Loans Receivable, other financial assets and other assets	-	-	-	-
Total	-	3,26,320	12,600	3,38,920

Balance Payable to related parties are as follows:

(EUR)

	Year ended March 31,2020			
	Tata Sons Private Limited	Tata Consultancy Services (TCS) limited	Subsidiaries of TCS	Total
Trade payables, unearned and deferred revenue and Other liabilities	-	13,97,744	7,73,986	21,71,730
Commitments	-	-	-	-
Total	-	13,97,744	7,73,986	21,71,730

(EUR)

	Year ended March 31,2019			
	Tata Sons Private Limited	Tata Consultancy Services (TCS) limited	Subsidiaries of TCS	Total
Trade payables, unearned and deferred revenue and Other liabilities	8,247	(44)	2,25,960	2,34,163
Commitments	-	-	-	-
Total	8,247	(44)	2,25,960	2,34,163

As per our report of even date attached.

For and on behalf of the Board of Directors
of Tata Consultancy Services Osterreich GmbH

For KBJ & Assoicates

Chartered Accountants

Firm registration number : 114934W

Kaushik B. Joshi

Proprietor

Membership No: 48889

Mumbai,

Pradeep Manohar Gaitonde

Director

Paris, France

Sapthagiri Chapalapalli

Director

Frankfurt, Germany

Tata Consultancy Services Danmark Aps

**Hammerensgade 1, 2
1267 Copenhagen
Central Business Registration No: 34465479**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the year ended
March 31, 2020**

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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COMPANY DETAILS

Company

Tata Consultancy Services Danmark Aps
Hammerensgade 1, 2.
1267 Copenhagen

Central Business Registration No: 34465479
Registered in: Copenhagen
Financial year: 01.04.2019 – 31.03.2020

Board of Directors

Pradeep Gaitonde, Chairman
Pauroosasp Darabshaw Karkaria
Amit Bajaj
Ajoyendra Mukherjee

Executive Board

Ruchikar Dalela, 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 1 April 2019 – 31 March 2020.

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 March 2020 and of the results of its operations for the financial year 1 April 2019 – 31 March 2020.

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, ... May 2020

Executive Board

Ruchikar Dalela
Executive Director

Board of Directors

Pradeep Gaitonde
Chairman

Pauroosasp Darabshaw Karkaria

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 2019 – 31 March 2020, comprising of 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 2020 and of the results of the Company's operations for the financial year 1 April 2019 – 31 March 2020 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 skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company's 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

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jesper Bo Pedersen

State Authorised
Public Accountant
mne42778

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.

Development in economic activities

Profit for the year amounts to DKK 584 thousand which Management considers satisfactory. The operating profit is based upon a support service agreement with Tata Consultancy Services Limited.

Currently, COVID 19, a global pandemic has given rise to an unprecedented economic scenario having future impact on the businesses across the world. Governments and organizations across the world have taken up drastic actions to address the difficulties posed by this critical situation.

Under the said circumstances, the Company has taken the following proactive measures to address the challenges;

- Regular connect with the employees through the Human Resources and leadership teams to address their COVID 19 related queries and for emotional support
- Deployment of TCS' Secure Borderless Workspaces (SBWS) infrastructure enabling employees to work from home and ensure business continuity
- Regular assessment of the business requirements of the customer in the current situation
- Regular monitoring of funds to maintain adequate liquidity to meet the business commitments

While the Company believes strongly that it has a strong portfolio of services to partner with its customers, however, the impact could come from the performance of the customers depending upon the unfolding of general economic situation. The assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration, however the Company has considered such impact to the extent known and available currently.

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.

Income statement

(DKK'000)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Gross Profit		11,880	17,995
Staff Costs	1	(11,043)	(16,606)
Operating Profit		837	1,389
Other Financial Expenses		(120)	(38)
PROFIT BEFORE TAX		717	1,351
Tax on Profit for the Year	2	(133)	(297)
PROFIT FOR THE YEAR		584	1,054
Proposed Distribution of Profit			
Retained earnings		584	1,054
		584	1,054

Balance Sheet

(DKK'000)

	Notes	As at March 31, 2020	As at March 31, 2019
Receivables from Group Enterprises		6,913	4,656
Other Receivables		42	374
Prepayments		5	19
Receivables		6,960	5,049
Cash		15,214	19,610
Current assets		22,174	24,659
ASSETS		22,174	24,659
Equity and Liabilities	3	1,000	1,000
Retained Earnings		3,953	3,369
Equity		4,953	4,369
Other provisions		-	10,441
Long term liability		-	10,441
Trade Payables		4,513	6,981
Payable to Group Companies		77	96
Income Tax Payable		455	298
Other Payables		12,176	2,474
Current Liabilities Other than Provisions		17,221	9,847
Liabilities Other than Provisions		17,221	9,847
EQUITY AND LIABILITIES		22,174	24,659
Contractual obligations, contingencies, etc.	4		
Related Parties	5		

Statement of Changes in Equity

(DKK'000)

	Contributed Capital	Retained Earnings	Total
Equity Beginning Of Year	1,000	3,369	4,369
Profit for the Year	-	584	584
Equity End Of Year	1,000	3,953	4,953

Notes forming part of the Financial Statement

1. Staff Costs

(DKK'000)

	Year ended March 31, 2020	Year ended March 31, 2019
Wages and Salaries	9,963	15,167
Pension Costs	1,038	1,330
Other Staff Costs	42	109
	11,043	16,606
Average Number Of Employees	11	19

2. Tax on Profit / Loss for the Year

(DKK'000)

	Year ended March 31, 2020	Year ended March 31, 2019
	133	297
Tax on Current Year Taxable Income	133	297

3. Contributed capital

There have been no changes to Contributed Capital for the Past 5 years.

4. Contractual obligations, contingencies, etc.

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.

5. 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

The annual report has been prepared in accordance with the provisions applying to reporting class B under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies applied to these financial statements are consistent with those applied last year.

However minor reclassifications has been made to comparative figures in the balance.

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 expense. 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

The Company earns revenue by providing staffing solutions in the form of manpower services to its customer (being a related party), relating to various fields of operations of the customer.

The Company's contract has a single performance obligation to provide manpower services to its customer. Revenue is recognized upon transfer of services to the customer in an amount that reflects the consideration which the Company expects to receive in exchange for those services based on the expected cost plus margin approach, in accordance with the terms of the underlying arrangement. Billings are made in accordance with the terms of the contract with the related party, which is generally on a monthly basis.

Revenue excludes taxes collected from customers.

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.

Notes forming part of the Financial Statement

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.

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 amortized cost, usually equaling nominal value less write off for bad and doubtful debts.

Prepayments

Prepayments comprise of costs incurred relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises of 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 amortized 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 S.A.

Annual Report and Financial Statements

**For the year ended
March 31, 2020**

The English language text below is a translation provided for information purposes only. The original French text shall prevail in the event of any discrepancies between the English translation and the French original.

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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Auditor's report on the financial statements

This is a translation into English of the statutory auditor's report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditor's report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended March 31, 2020

To the annual general meeting of TATA CONSULTANCY SERVICES FRANCE S.A.,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of TATA CONSULTANCY SERVICES FRANCE S.A. for the year ended March 31, 2020.

These financial statements were approved by the Board of Directors on May 28, 2020 based on the information available at that date and in the evolving context of the Covid-19 pandemic and the difficulties to assess its implications and future trends.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at March 30, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. 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 *Statutory Auditor's Responsibilities* for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from April 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (code de déontologie) for statutory auditors.

Emphasis of Matter

We draw attention to the following matter described in paragraph 'Going concern and liquidity assessment', as set out in Note II (1) and 'Characteristic facts of the period' as set out in Note III of the Notes forming part of the financial statements, which states the underlying assumptions to the going concern principle used as part of the closing process. Our opinion is not modified in respect of this matter.

Justification of Assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the following matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period.

This matter was addressed in the context of our audit of the financial statements as a whole, approved in the context described above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Your company performs an impairment test on goodwill as described under 'Intangible assets', set out in note VI.1 to the financial statements. Our work consisted in assessing the reasonableness of data and assumptions on which estimates are based and reviewing the calculations made by the Company.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors approved on May 28, 2020 and in the other documents with respect

to the financial position and the financial statements provided to the Shareholders. With regards to events which occurred and information that became known after the date the financial statements were approved by the Board of Directors relating to the impact of the crisis linked to Covid-19, management informed us that such events and information will be communicated to the annual general meeting called to approve the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, required under Article D.441-4 of the French Commercial Code (code de commerce).

In accordance with French law, we report to you that the non-financial statement provided for in article L. 225-102-1 of the French Commercial Code (code de commerce) is not included in the management report and that your Chief Executive Officer has not designated an independent third party to perform such procedures.

Report on Corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Article L.225-37-4 of the French Commercial Code (code de commerce).

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 French accounting principles 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 it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Board of Directors.

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

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

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- Obtains 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.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Paris La Défense, on May 28, 2020

KPMG Audit

Department of KPMG S.A.

French original signed by

Jacques Pierre

Balance Sheet

(EUR in Thousand)

ASSETS

CAPITAL SUBSCRIBED & UNCALLED

FIXED ASSETS

Intangible assets

57,734

(1,096)

56,639

56,639

Tangible assets

4,423

(2,907)

1,517

1,438

Financial assets

1,780

-

1,780

939

TOTAL I

63,938

(4,002)

59,936

59,016

CURRENT ASSETS

Trade receivables

101,720

(105)

101,615

83,508

Other receivables

14,433

-

14,433

17,622

Investments in securities

-

-

-

-

Liquid assets

11,627

-

11,627

2,864

TOTAL II

127,780

(105)

127,674

104,035

PREPAID EXPENSES

Deferred charges

7,665

-

7,665

3,605

Conversion adjustment - assets

60

-

60

49

TOTAL ASSETS

199,442

(4,107)

195,335

166,705

LIABILITIES

EQUITY

Registered capital

446

446

Merger, issue and contribution premiums

2,822

2,822

Reserves

10,692

10,692

Carry forward

(25,061)

(20,401)

Profit or loss for the FY

560

(4,660)

TOTAL I

(10,542)

(11,101)

PROVISIONS FOR RISKS AND EXPENSES TOTAL II

1,026

1,517

DEBTS

Loans and debts with credit institutions

-

-

Loans and financial debts

12,044

16,038

Trade accounts and notes payables

138,056

112,072

Social security and tax liabilities

28,446

27,943

Liabilities on fixed assets and related

20

167

Other payables

9,452

8,038

TOTAL III

188,019

164,258

PREPAID EXPENSES

Unearned revenues

16,743

11,991

Conversion adjustment - liabilities

88

40

ACCRUED LIABILITIES

195,335

166,705

Statement of Profit and Loss

(EUR in Thousand)

PROFIT AND LOSS ACCOUNT

Revenues excl. of tax

Other operating income

TOTAL OPERATING INCOME

Other operating expenses

Direct and indirect taxes

Personnel cost

Depreciation allowances & provisions

Other expenses

TOTAL OPERATING EXPENSES

1 OPERATING RESULT

Income from subsidiaries

Other financial income

Reversals of provisions and depreciation

TOTAL FINANCIAL INCOME

Allowances for provisions and depreciation

Interests and assimilated expenses

TOTAL FINANCIAL EXPENSES

2. FINANCIAL RESULT

3. PRE-TAX OPERATING RESULT

Extraordinary income

Extraordinary expenses

4. EXTRAORDINARY RESULT

Tax on profits

Employee participation in expansion

5. NET RESULT

Year ended March 31, 2020	Year ended March 31, 2019
(12 months)	(12 months)
233,296	203,707
9,994	14,698
243,290	218,405
115,261	100,552
4,594	4,753
121,341	116,849
962	1,244
308	397
242,466	223,794
824	(5,390)
-	-
50	1,210
49	15
99	1,225
60	49
244	427
304	476
(205)	749
619	(4,641)
-	-
60	19
(60)	(19)
-	-
-	-
560	(4,660)

Notes forming part of the Financial Statements

I. Nature of the activity and accounting standards

TCS FRANCE SA, previously known as ALTI S.A., is an IT services 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 advanced technologies.

The balance sheet total before appropriation of earnings for the financial year is 195,334,634 euro and the statement of income for the year, presented in list form, recorded a profit of 559,756 euro on a turnover of 233,296,441.

The financial year was 12 months-long, from 01/04/2019 to 31/03/2020, just like the previous FY that ended on 31/03/2019.

The notes and the tables below are an integral part of the annual accounts.

The accounts for the bygone FY were drawn up and presented in compliance with accounting rules and principles stipulated by articles 121-1 to 121-5 and the subsequent ones of the Plan comptable général 2016.

The basis for evaluating the items recorded in the accounts is the historical-cost method. The evaluation methods chosen for this year have remained identical to those applicable the previous year.

In compliance with ANC no 2015-05, foreign exchange margins on payables and receivables fall under operating result and not anymore under financial result with effect from 31 March 2020.

The accounting conventions applied comply with the provisions of the Commercial Code, more specifically, of the accounting decree of 29/11/83 as well as the regulation by ANC 2014-03 and the regulation by ANC 2018-07 prescribed by the Plan Comptable Général, applicable on the closure of the financial year.

II. Information on the accounting processes induced by the coronavirus epidemic

In compliance with Article L 833-2 of the Plan Comptable Général, the annual accounts of the entity as of 03/31/2020 were closed addressing the consequences of the coronavirus epidemic on the accounts.

The following items reflect only the conditions that existed on the closing date, taking into account the further developments:

- the accounting value of assets and liabilities
- the impairment of customer receivables
- the impairment of tangible and intangible assets
- the revenue.

The impact on the Company as at the reporting date consequent to COVID19 global pandemic is assessed under the following dimensions:

1. Going concern and liquidity assessment

The Company has liquid assets of Euro11,627 thousands as on March 31 2020. The aforesaid balances constitute 6% of gross total assets thus assures liquidity for the Company.

The company's accounts for the current FY have been finalised according to the principle of going concern with financial support from Tata Consultancy Services Netherlands BV.

2. Future revenue stream

The Company believes it has a rich portfolio of services to partner with customers, and assessed that customers in Transportation and Hospitality, Energy, Manufacturing industries are more prone to immediate impact and Banking and Financial Services to have a lag impact due to dependence of revenues from the impacted industries. Based on current information available, it would be premature to make a realistic estimate of the impact on future revenue streams. The Company believes that it can re-align its operating levers to navigate through the period of crisis in a financially prudent manner.

3. Current Assets

The trade receivables stand at Euro 101,615 thousands as on 31-03-2020. The Company has considered the likelihood of default considering emerging situations. This assessment is done after considering the nature of industry, impact immediately seen in the demand outlook of these industries and the financial strength of the customers. Similar assessment has been done in respect of invoices to be made while arriving at the fair value. There is no information of discontinuance or cancellation of projects in respect of whom the company is carrying cost/revenue in the balance sheet.

The allowance for doubtful trade receivables is considered adequate considering the emerging risks of default in customers in the impacted industries could face.

4. Debts, provisions, liabilities

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price projects and incorporated the impact of likely delays/increased cost in meetings its obligations. The Company has also assessed the impact of delays and inability to meet contractual commitments and have taken actions such as engaging with the customer to agree on revised service level agreements (SLA's) in light of current crisis, invoking of force-majeure clause etc. to ensure that revenue recognition in such cases reflect realizable revenues.

5. Tangible assets

Tangible assets consist of cost carried towards the Company's office equipment like laptops etc., which are not material. However, the Company does not foresee any large scale contraction in demand which could result in significant down-sizing of our employee base rendering physical infrastructure redundant. The leases that the Company has entered with lessors towards properties are long term in nature and no changes in terms of those leases are expected due to the current crisis.

6. Intangible Assets - Goodwill

As part of annual process for testing of intangible Assets for impairment, the company has revisited the financial projections basis which future cash flows have been drawn, discount rate that has been applied on the cash flows, growth rate factored while arriving at perpetuity value and subjected them to sensitivity to all these critical parameters. Any impairment as a result of these testing have been duly accounted for in the financial statement with corresponding disclosures and no additional adjustments are considered necessary.

Given the exceptional and unexpected circumstances related to the COVID-19 crisis, TCS France has decided to resort to partial unemployment. Since the beginning of the lockdown set up on March 16, 2020, 34 employees have been identified as falling within the scope of this measure in the months of March, due to the interruption or reduction of the workload of the missions or projects to which they were allocated. This represents 300 days of null activity. The corresponding application for compensation is in progress.

III. Characteristic facts of the period

TCS France continues its development and extends its national footprint by establishing itself in Toulouse and developing its presence in Poitiers.

The move to the Defense site scheduled for late March was postponed due to the coronavirus epidemic.

TCS France carried out a study on the identification of its research and development expenditures during the FY 2015 and 2016.

This analysis enabled the company to assert its rights to the research tax credit for:

- Alti S.A. (2015)	79,995 euros;
- Alti S.A. (year 2016-2017)	502,391 euros;
- TCS France S.A.S. (absorbée) (year 2016-2017)	476,277 euros.

As these requests for the tax credits return relate to tax periods previously controlled by the administration, TCS France S.A. has chosen to post these amounts once they have been cashed.

Noteworthy events that took place during the FY

The company has registered revenues of 233.2 million Euro for FY 2019-2020 which is 14.5% higher than the last FY, for comparable scope.

The result of the year was a profit of 0.6 million Euro, compared to a loss of 4.6 million Euro the previous year. The reduction in losses is due to the increase in business and the various effective operational measures implemented by the company.

Contributions to cash account were made by TCS Netherlands to the company. During this FY 2019-2020, TCS France reimbursed 4 million Euro on the granted advance, amounting to 12 million Euro as of 31 March 2020.

Finally, the company did not have any research tax credit expense to be posted during this fiscal year.

IV. Noteworthy events following book closing

TCS France is suffering the consequences of the global coronavirus pandemic.

As the deconfinement process has not yet been defined on the day of financial closure, the company's investment projects in progress before that period have been suspended.

The senior management has also taken the following actions to address the COVID-19 pandemic challenges:

- Regular contacts with employees through human resources and management teams.
- Deployment of the Group-specific "Secure Borderless Workspaces" (SBWS) infrastructure enabling employees to work from home and thus ensure business continuity.

Services in progress prior to the deconfinement continue, either remotely or on clients' premises, depending on the decisions made by each client.

Similarly, this organization is also applied for the implementation of new projects and the resumption of projects suspended at the beginning of confinement.

As of April 2020, 63 TCS France employees no longer worked on a full-time basis as a result of their reduced workloads, representing 611 days of null activity. The corresponding application for compensation is in progress.

V. Accounting principles – Methods of evaluation

General rules for drawing up and presenting accounts

Methods of evaluation and calculation used for the accounts of the financial year that ended on 31 March 2020 are identical to those used for the previous financial year closed on 31 March 2019.

Method of evaluation chosen for certain items in the income statement

Research and development spend

The company's spend on research and development is meant to develop its know-how and define its new technical positioning, especially in line with the potential customers' expectations. The corresponding expenses are recorded under the charges for the financial year in which they were incurred, depending upon their nature.

Tangible and intangible assets

Gross value of tangible and intangible assets corresponds to their initial value obtained after adding the extra expenses needed for readying them for use.

Depreciation is calculated over the normal lifetime of the assets which are generally as follows:

• Software	Linear	1 year
• Licences	Linear	1 year
• Interior layout	Linear	3 to 7 years
• Transport equipment	Linear	4 years
• Office equipment	Linear	4 years
• IT equipment	Linear	3 to 4 years
• Furniture	Linear	5 to 7 years

Intangible assets - Goodwill

Goodwill is assessed once a year based on the updated projections of future cash flow (c.f. § Financial assets hereafter).

Goodwill represents the cost of activities acquired as stated upon the date of acquisition of the business minus the buyer's participation.

Goodwill is not amortised as it is for an unlimited duration.

Goodwill is subject to a depreciation test annually or when the events or circumstances indicate a possible loss of value. If the recoverable amount is estimated to be lower than the book value, the book value is reduced to the recoverable value. A loss in value is recorded in the profit and loss account.

Notes forming part of the Financial Statements

Financial assets

The security deposits are entered in the assets of the balance sheet for the amount corresponding to their payments.

Client receivables and recognition of revenues

Sequential performance contracts (T & M):

Services provided and not billed on the date of closing, in case of T&M contracts are considered as “due for billing”.

Fixed price contracts:

Only that percentage of the fixed price contracts that has been delivered is taken into consideration.

According to this method, the revenue tagged to each contract is pro-rata to the time spent by associates as on the date of accounts closing.

When the amount of predictable costs for completion of an engagement could potentially record a loss, a provision for this risk is made based on the best available estimate of the losses at the date of accounts closing.

Account receivables:

Receivables are considered at their nominal value. A depreciation allowance is made on a case by case basis when the inventory value is lower than the book value, depending upon the risks of non-recovery.

Conversion of Account receivables and payables into foreign currency:

Receivables and debts in foreign currency are converted and considered in Euros based on the last known exchange rate on the date of the transaction. Assets and debts shall be revalued at the exchange rate on the date of closure of the FY.

When the application of the conversion rate at the date of FY closing impacts the amounts previously considered, the difference in the conversion rate is reported in a transitory account and adjusted later on, based on the:

- asset side of the income statement for the differences corresponding to unforeseeable losses (due to foreign exchange adjustment)
- liability side of the income statement for the differences corresponding to unforeseeable gains (due to foreign exchange adjustment)

Unrealised losses call for the earmarking of a provision commensurate with the risk.

In compliance with ANC no 2015-05, foreign exchange margins on payables and receivables fall under operating result and not any more under financial result.

Provision for risks and charges

At the closing of accounts, provisions have to be made for risks and charges that have been identified but not factored, and are likely to result as a consequence of the events that have occurred over the financial year. These provisions are estimated on a case by case basis, depending upon the information available.

Credit risk

Financial instruments that pose a credit risk to the company include mainly cash and cash equivalents, investments in securities and client receivables.

The company's cash and cash equivalents are mainly expressed in Euro and are in the safekeeping of four major French banks.

Transactions on bank accounts in foreign currency shall be entered against their equivalent value on the date of transaction. The balance in foreign currency is updated as per the prevalent exchange rate and recorded in the financial result.

Assumptions and estimations made by the Management

For drawing up the financial statement, TCS FRANCE S.A management needs to give estimates and make assumptions that are likely to have an impact on the values of assets, liabilities, revenues and charges as well as on the information given in the appendices.

Notes forming part of the Financial Statements

These assumptions are determined based on the “going concern” principle and depend upon the information available on the date of drawing up the accounts and upon corresponding historical data as well as upon other factors deemed relevant in the circumstances.

Upon each book closure, the assumptions and estimations can be reviewed if the circumstances on which they were based have changed or new information is available to the management. The items in the future financial statements could vary from the present estimations on account of the changes in assumed values.

VI. Notes on the income statement

1. Intangible assets

(EUR in Thousand)

	Gross value			Depreciations booked				Net Values
	31/03/2019	Increase	Decrease	31/03/2020	31/03/2019	Allowances	Provision	31/03/2020
Merger losses								
TCS France	37,456	-	-	37,456	-	-	-	-
Other intangible assets	20,337	-	(60)	20,278	(1,155)	-	60	(1,095)
Total	58,470	-	(60)	57,734	(1,155)	-	60	(1,155)

The item “other intangible assets” is composed of the following:

(EUR in Thousand)

	Gross value			Depreciations booked				Net Values
	31/03/2019	Increase	Decrease	31/03/2020	31/03/2019	Allowance	Provision	31/03/2020
Euractiv	801	-	-	801	-	-	-	-
Cybertech	50	-	-	50	-	-	-	-
Cartem conseil	3,065	-	-	3,065	-	-	-	-
PL7 Conseil	44	-	-	44	-	-	-	-
Masterline SI	2,959	-	-	2,959	-	-	-	-
Nucleus	250	-	-	250	(250)	-	-	(250)
Bright	546	-	-	546	(546)	-	-	(546)
Colego	237	-	-	237	-	-	-	-
Itras	5,313	-	-	5,313	(300)	-	-	(300)
E-Factory	560	-	-	560	-	-	-	-
Advoo	428	-	-	428	(59)	-	-	(59)
CGPI	486	-	-	486	-	-	-	-
Analys	5,598	-	-	5,598	-	-	-	-
Total	20,337	-	-	20,337	(1,155)	-	-	(1,155)

Goodwill, just like participating interests, listed in paragraph VI.3 was tested for impairment during the financial year that ended.

The Company considers goodwill and merger losses (56.6 M€) as one single asset contributing to the activity of TCS FRANCE SA whose assets have been evaluated as part of the depreciation test.

Notes forming part of the Financial Statements

The recoverable value of this asset subject to test is equivalent to its value in use. It is calculated based on the updated projections of future cash flows, based on the following hypotheses:

- Budgetary data for 2020-21 and revenue projections for FYs 2021-22 to 2024-25 have been approved by the Management. These assumptions are laid down, based on the visibility that the management has of the various sectors and growth prospects. These projections have been made at the end of the first quarter of 2020 in connection with the drawing up of a business plan for 2020-2021 and for the four subsequent FYs. They take into account the uncertainty associated with the exit from the coronavirus crisis and the assumption of return to business as usual.
- Final values are calculated over 5 years by taking into account a perpetual growth rate of 1.5%.
- The discount rate for France is set by the headquarters, TCS Netherlands B.V., where the main activity is carried out by TCS FRANCE S.A. The discount rate considered as on 31 March 2020 is 9.30%.

The recoverable amount of the asset tested, calculated based on these assumptions seems to be higher than the net accounting value of the asset tested. No depreciation has been noticed as on 31 March 2020 on the tested asset following the execution of the depreciation test.

Key influencing factors

The recoverable value of TCS FRANCE S.A. is based on the assumption that the revenue targets will be reached and cost-cutting plan will give expected results. The company has estimated revenue projections based on the existing orders, materialisation of the expected contracts and the market's development potential. Estimated reduction in sales costs, general operational expenses and administrative expenses is based upon the cost optimisation initiatives such as continuous focus on resource utilisation.

The company has carried out an analysis of the sensitivity of values to changes in the key assumptions and it has revealed that:

- A variation of +1 point of the discount rate and / or of -1 point of the perpetual growth rate would not result in a recoverable value of the tested assets to be lower than their accounting value.
- An annual variation of -5% of revenue targets and / or +4% of operational expenses (SG&A) over 2021-25 would not result in a lower recoverable amount of assets tested than their accounting value. Beyond this variation, the accounting value of the assets tested could be challenged.

2. Tangible assets

(EUR in Thousand)

Gross value				
31/03/2019	Increase Capital injection	Item to item transfer	Decrease	31/03/2020
Installations / fittings	1,164	333	-	1,497
Office equipment and hardware	1,574	123	-	1,697
Furniture	976	91	-	1,068
Assets in progress	50	162	(50)	162
Total	3,764	709	(50)	4,423

Notes forming part of the Financial Statements

(EUR in Thousand)

Depreciations				
31/03/2019	Allowances	Item to item transfer	Reversals	31/03/2020
Installations / fittings	(563)	(220)	-	(783)
Office equipment and hardware	(913)	(268)	-	(1,181)
Furniture	(851)	(91)	-	(942)
Assets in progress	-	-	-	-
Total	(2,326)	(579)	-	(2 906)

(EUR in Thousand)

	Net accounting Values		
	Gross value	Depreciations Provisions	Net Values
Installations / fittings	1,497	(783)	714
Office equipment and hardware	1,697	(1,181)	516
Furniture	1,068	(942)	126
Assets in progress	162	-	162
Total	4,423	(2 906)	1,518

3. Financial assets

(EUR in Thousand)

	As at March 31, 2020			As at March 31, 2019		
	Gross value	Provisions	Net value	Gross value	Provisions	Net value
Loans, deposits and sureties	1,780	-	1,780	939	-	939
Total	1,780	-	1,780	939	-	939

4. Customer receivables

Payment term of receivables is less than one year.

(EUR in Thousand)

	As at March 31, 2020	As at March 31, 2019
Customer receivables	63,410	58,528
Group clients	10,935	4,787
Doubtful and contentious clients	105	141
Invoices to be made outside the group	23,130	17,882
Invoices to be made outside the group	1,140	2,293
Depreciation of customer receivables	(105)	(124)
Total	101,615	83,508

Notes forming part of the Financial Statements

5. Other receivables

Receivables due is less than one year.

(EUR in Thousand)

	As at March 31, 2020	As at March 31, 2019
Current account balance minus provisions / charges	3,100	6,256
Tax receivables	1,751	1,358
VAT	374	373
Personal receivables (advance)	8,555	9,640
Vendor debtor	653	36
Others	-	-
Total	14,433	17,662

During this FY 2019-2020, TCS France collected 2.1 M€ for Cice (tax credit for competitiveness and job creation) claims of years 2014 and 2015 and 0.8 M€ for the C.I.R. (research tax credit) 2014.

6. Accrued liabilities and income

(EUR in Thousand)

	As at March 31, 2020	As at March 31, 2019
Accrued income		
Clients - yet to be billed	27,270	20,176
Suppliers - credit notes	794	2,185
Accrued interests in current account (net)	-	-
Other receivables	-	-
Total	28,064	22,362

(EUR in Thousand)

	As at March 31, 2020	As at March 31, 2019
Accrued charges		
Accrued interests	-	-
Accrued interests on current accounts	17	24
Vendors - bills not received	21,447	13,170
Clients - credit notes to be issued	3,311	3,846
Tax and social security debts	16,427	17,259
Other debts	22	-
Total	41,224	34,299

7. Income and charges to be carried over to the next financial year

(EUR in Thousand)

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses ¹	7,665	3,605
Unearned revenues ²	(16,743)	(11,991)

¹Prepaid expenses are reported in the asset line item Accruals and prepaid expenses account.

They correspond mostly to the % of the project executed.

Notes forming part of the Financial Statements

²Unearned revenue corresponds to the excessive billing recorded as compared to the revenue figures, given the status of the project in fixed price contracts.

8. Equity capital

The break-up of the equity capital is as follows:

(EUR in Thousand)

	31 March 2019	Transactions on the capital	Income appropriation	Distribution of dividends	Operating result	31 March 2020
Registered capital	446	-	-	-	-	446
Issue and merger premiums	2,822	-	-	-	-	2,822
Legal reserves	37	-	-	-	-	37
Other reserves	10,655	-	-	-	-	10,655
Carry forward	(20,401)	-	(4,660)	-	-	(25,061)
Profit or loss for the FY	(4, 660)	-	4,660	-	560	560
Total	(11,101)	-	-	-	560	(10,541)

Registered capital

	Number of securities	Face value	Total in Euro
31 March 2020	14,867,651	0.03	446,030.53

Shares entitled to double voting rights

A shareholder who can prove that s/he has personally held those shares for at least two years, enjoys double voting rights. As of 31 March 2020, there are no securities with double voting rights.

Own shares of Group

None.

Stock options

No stock options have been floated since 30 September 2010.

Subscription warrants for founders' shares

There have been none since 30 September 2010.

Free shares

No free shares have been allotted since 27 October 2007.

Holding

TCS FRANCE S.A. previously known as ALTI S.A. is held wholly by Tata Consultancy Services Netherlands since 28 June 2013.

9. Provisions for risks and charges

(EUR in Thousand)

	Time period	31 March 2019	Contrib utions	Allowances	Used reversals	Unused reversals	31 March 2020
Provisions for risks							
Labour cases	1 to 5 years	592	-	-	(360)	-	233
URSSAF inspection	1 to 5 years	840	-	-	(489)	-	352
Foreseeable loss	1 year	35	-	382	-	(35)	382
Exchange rate related losses	1 year	49	-	60	-	(49)	60
Total		1,517	-	442	(849)	(84)	1,026

Notes forming part of the Financial Statements

Labour cases

The company has identified and classified the risks (high, medium, low) related to disputes with its employees. Based on its lawyers' opinions, the company has evaluated the extent of its liability involved.

Disputes are of 2 types:

1. Employees disagreeing with their being laid-off
2. Employees demanding additional remuneration (for working Sunday, for being on call etc.)

To factor for the disputes in front of the "Prud'hommes" between TCS FRANCE S.A and its current or former employees, the company has set aside a provision for risk when there is a probability of an outflow of funds, based on the best risk evaluation along with the legal counsels. A provision of 233 K Euro has been earmarked as on 31 March 2020.

URSSAF inspection

Alti SA, having become TCS FRANCE S.A., went through a URSSAF inspection in FY 2012 whose conclusions have been formally contested by the company. Provision has been made for the total amount of payroll tax revision in the said financial year.

In February 2018, URSSAF proposed a transaction for the FYs 2010 and 2011. Based on the discussions underway, the amount payable towards the above is 0.4 M€.

Over and above this, provision is made for items revised by the administration for the current period which is open to revision.

By decision on May 24th, 2019, the Court of Appeal condemned TCS France to pay 475 K€ for contributions for years 2010 and 2011. After payment in August 2019, the corresponding provision is resumed

10. Loans and financial debts

Various financial loans and debts correspond mainly to advance on current account from TCS Netherlands, which amounts to 12 M€ as on 31 March 2020.

11. Vendor payables

Payment term of accounts payables is less than a year.

(EUR in Thousand)

	As at March 31, 2020	As at March 31, 2019
Accounts payables	1,140	1,086
Group vendors	115,490*	97,983
Invoices yet to be received from outside the group	12,846	9,851
Invoices yet to be received from the group	8,581	3,152
Total	138,056	112,072

(*) of which 104,486 K€ is overdue (89,238 K€ at 31st March 2019).

12. Other payables

Payment term for these payables is less than one year.

(EUR in Thousand)

	As at March 31, 2020	As at March 31, 2019
Expense bills	25	79
Provision for volume discounts & credit notes to be issued	3,311	3,846
Client receivables	4,781	2,847
Client receivables Group	1,335	1,266
Others	-	-
Total	9,452	8,038

Notes forming part of the Financial Statements

13. Liquidities and investment securities

The item cash and cash equivalents refers to bank accounts and cash.

VII. Notes on the income statement

1. Revenues

Revenues as on 31 March 2020 stand at 203,296 K€ against 203,707 K€ as on 31 March 2019. They are entirely made up of services provided in France.

The break-up of the revenues is as follows:

(EUR in Thousand)

Activity	Revenues
BFSI	74,630
Energy & Resources	47,242
Industry	40,505
Break-up	22,256
Healthcare	27,260
Communication	7,570
Hi-tech	6,573
TTH	5,399
Government	1,427
Others	434
Revenues	233,296

2. Other income and charges

(EUR in Thousand)

	Year ended March 31, 2020	Year ended March 31, 2019
Management fees	-	-
Trademark fee	(102)	27
Translation gains on purchases and sales	(77)	18
Other Income	2	1
Total	(177)	46

3. Headcount

The company headcount as on 31 March 2020 is 1,287 compared to 1,342 on 31 March 2019.

Executives		Non-executives		Consultants		Average headcount 31 March 2020	Average headcount as on 31 March 2019
Men	Women	Men	Women	Men	Women		
921	336	11	12	5	2	1,287	1,342

Notes forming part of the Financial Statements

4. Financial income and charges

The break-up of the financial results is as follows:

(EUR in Thousand)

	Year ended March 31, 2020	Year ended March 31, 2019
Revenues from receivables	11	17
Financing commission	(15)	(20)
Bank interest	-	-
Interest to related parties	(229)	(407)
Exchange rate related losses	-	-
Allowance for exchange rate related losses	(11)	(34)
Provision for impairment losses, current account and risk	-	-
Net effect of merger operations	-	1,171
Miscellaneous	40	22
Total	(205)	749

5. Extraordinary income and charges

The break-up of the extraordinary results is as follows:

(EUR in Thousand)

	Year ended March 31, 2020	Year ended March 31, 2019
Employee disputes	-	-
Commercial disputes	-	-
Penalties	-	9
Net losses over transfer of shares	60	-
Donations	-	10
Total	60	19

6. Corporate taxes and employee profit sharing

Impact of tax provisions on the result is as follows:

(EUR in Thousand)

	Year ended March 31, 2020	Year ended March 31, 2019
Corporate tax	-	-
Employee profit-sharing	-	-
Total	-	-

As on 31 March 2020, after considering tax losses for the FY 2019-2020 i.e. 1,073 K€, the amount of losses carried forward stands at 82,175 K€.” with “As on 31 March 2020, after considering 585 K€ of tax benefit for the FY 2019-2020, the amount of losses carried forward stands at 82,664 K€.

Notes forming part of the Financial Statements

Tax break-up between operating and extraordinary results

(EUR in Thousand)

	Pre-tax	Tax	Post-tax
Operating result	620	-	620
Extraordinary result	(60)	-	(60)
Employee profit-sharing	-	-	-
Tax credit	-	-	-
Tax readjustment	-	-	-
TOTAL	(560)	-	(560)

Projected tax rebate / tax surcharge:

(EUR in Thousand)

	Base	Post-tax effect	
		Surcharge	Rebate
Conversion adjustments as on 31 March 2020	60	17	-
Provision for foreign currency adjustment	60	-	17
Provision for foreseeable losses	382	-	107
Organic:	464	-	130
Building-related	418	-	117
Lump-sum provision for bad debts	-	-	-
Carry-forward losses	82,175	-	23,009
Total	-	17	23,380

Tax slab considered starting from 2020: 28% and 26.5% from 2021

7. List of subsidiaries and interests

None.

8. Directors' remuneration

Salaries paid out for the year 2019-2020 by TCS FRANCE SA are as follows:

(EUR in Thousand)

	Gross annual remuneration paid out
Rammohan Gourneni	412
Pradeep Gaitonde	30
Jean Pernet	27 (included in the overhead expenses)

No advance payments, credits or allotment of free shares were extended to the members of the Management Committee.

Notes forming part of the Financial Statements

9. Other information

Commitments and other contractual obligations

(EUR in Thousand)

	Total	< 1 year	1 to 5 years	> 5 years
Financing lease commitments	-	-	-	-
Operational lease commitments	22,565	1,129	14,389	7,048
Other long-term commitments	-	-	-	-
Total	22,565	1,129	14,389	7,048

Commitments related to retirement benefits

There is no special contractual commitment within TCS FRANCE SA. The employees of the Group are covered by the provisions of the "SYNTEC Collective Convention" in terms of retirement gratuity.

On this basis, the commitment amount is 5,580 K€ including social security contributions as on 31 March 2020 against 5,158 K€ as on 31 March 2019. No provision has been made for this amount in the company accounts that have just been closed.

The cost of the services defined is determined using the actuarial valuation method based on projected unit credit.

The calculations were based on the following assumptions:

- Discount rate: 1.55%
- Annual salary increase rate: 2.13%
- Mortality table: TH/TF 00-02
- Turnover rate:

Age	Turnover rate
16-44 years	15.38%
45-49 years	5.77%
50-59 years	2%
60 years and above	0%

Auditors' fees

The auditor' fee are split as follows:

(EUR in Thousand)

	Year ended March 31, 2020	Year ended March 31, 2019
Auditing	90	88

Auditor' fee as it appears in the income statement for the FY is 89,683 Euros that is made up of the following:

- Fee charged for auditing the accounts: 89,683 Euros
- fee charged for advice and services that are part of the advisory obligations arising from the legal auditing of the accounts, as defined by the professional rules and standards mentioned in II of article L.822-11: 0 Euros

VIII. Identity of the holding company

TCS FRANCE SA is a 100% subsidiary of TATA CONSULTANCY SERVICES Netherlands BV. All financial information about the company is included in the consolidated financial statements of the ultimate holding company, Tata Consultancy Services Limited..

Tata Consultancy Services Switzerland Ltd, Zurich Financial Statements

**For the year ended
March 31, 2020**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITORS' 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 2020.

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 2020 comply with Swiss law and the company's articles of incorporation.

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

Dr. Jean-Max Gressly
Licensed Audit Expert
Auditor in Charge

Dave Gautschi
Licensed Audit Expert

Zurich, May 12, 2020

BALANCE SHEETS

[CHF]

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS:			
Current assets:			
Cash and banks		22,820,277	15,643,906
Trade receivables			
Due from third party	3.1	81,158,419	69,615,064
Due from affiliated companies		7,953,943	2,867,153
Due from shareholders		1,041,540	85,729
Other receivables			
Due from third parties	3.2	240,586	276,767
Due from affiliated companies		3,515,339	2,841,327
Unbilled Revenue		10,456,381	11,831,971
Prepaid expenses			
Due from third parties		1,404,810	1,566,647
Due from affiliated companies.		2,327,842	5,618,477
Prepaid income taxes		23,421	-
Total current assets		130,942,559	110,347,041
Non-current assets:			
Deposits and guarantees	3.3	2,005,829	1,971,556
Fixed assets, net	3.4	720,558	716,337
Total non-current assets		2,726,387	2,687,893
TOTAL ASSETS		133,668,946	113,034,934
LIABILITIES AND SHAREHOLDERS' EQUITY:			
Current liabilities:			
Trade payables			
Due to third parties		1,509,192	784,529
Due to affiliated companies		30,686,826	22,412,103
Due to shareholders		1,231,823	436,612
Accounts payable - others	3.5	9,580,556	8,582,511
Deferred revenue		13,808,470	7,890,775
Accrued expenses			
Due to third parties	3.6	9,213,545	6,868,527
Due to affiliated companies		7,326,004	15,598,592
Income taxes		-	1,351,909
Total current liabilities		73,356,416	63,925,558
Shareholders' equity			
Share capital		1,500,000	1,500,000
Legal retained earnings		1,030,000	1,030,000
Voluntary retained earnings		57,782,530	46,579,376
Total shareholders' equity		60,312,530	49,109,376
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		133,668,946	113,034,934

STATEMENTS OF INCOME AND AVAILABLE EARNINGS

[CHF]

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Gross revenue from sales of services		354,192,282	298,586,527
Cost from sales of services		(248,902,604)	(198,680,394)
GROSS PROFIT		105,289,678	99,906,133
Operating expenses			
Salaries		(72,140,491)	(72,128,086)
Travel expenses		(1,751,805)	(1,915,194)
Marketing and advertising expenses		(870,708)	(826,938)
Rent expenses		(1,136,666)	(1,253,963)
Office expenses		(340,294)	(129,790)
Insurance		(12,602)	(14,636)
Administrative expenses & others		(594,437)	(554,453)
Depreciation		(263,491)	(229,174)
Total operating expenses		(77,110,495)	(77,052,234)
Operating profit		28,179,182	22,853,899
Non-operating (expenses) / income			
Interest income		63,929	76,459
Interest expenses and bank charges		(164,255)	(134,659)
Exchange gains / (losses)		(1,532,327)	(586,922)
Release tax accruals		-	454,490
Other income, net		(15,594)	-
TOTAL NON-OPERATING (EXPENSES) / INCOME		(1,648,247)	(190,633)
ANNUAL PROFIT BEFORE TAX		26,530,935	22,663,266
Taxes		(5,327,781)	(4,799,719)
PROFIT FOR THE PERIOD/ANNUAL PROFIT		21,203,154	17,863,547
AVAILABLE EARNINGS, BEGINNING OF YEAR		46,579,376	48,715,829
Payment of dividend		(10,000,000)	(20,000,000)
AVAILABLE EARNINGS, END OF PERIOD / YEAR		57,782,530	46,579,376

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 2020 and 2019 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

	As at March 31, 2020	As at March 31, 2019
Receivables from third parties	81,770,988	70,328,241
Less allowance for doubtful accounts	(612,569)	(713,177)
Total	81,158,419	69,615,064

3.2 Other receivables – due from third parties

	As at March 31, 2020	As at March 31, 2019
Recoverable from employees	143,844	242,601
Recoverable Other	96,742	34,166
Total	240,586	276,767

3.3 Deposits and guarantees

Deposits for flats and offices on postal and bank accounts amount to CHF 2,005,829 as of March 31, 2020 (2019: CHF 1,971,556).

Notes forming part of the Financial Statements

3.4 Fixed assets

(CHF)

	As at March 31, 2020	As at March 31, 2019
Computer	580,858	354,710
Furniture and fixtures	621,087	621,087
Office equipment	117,341	114,803
Leasehold improvements	1,909,738	1,870,712
Less depreciation and value adjustments	(2,508,466)	(2,244,975)
Total	720,558	716,337

3.5 Other payables

(CHF)

	As at March 31, 2020	As at March 31, 2019
Liabilities due to tax authorities	2,712,781	2,233,769
Liabilities due to pension schemes	0	19,249
Liabilities due to VAT authorities (Output tax)	6,589,724	5,484,556
Liabilities due to institutions and staff	278,051	844,937
Total	9,580,556	8,582,511

3.6 Accrued expenses – due to third parties

(CHF)

	As at March 31, 2020	As at March 31, 2019
Provision for staff and social obligations	4,590,154	3,803,613
Provision for vendors	4,623,391	3,064,914
Total	9,213,545	6,868,527

3.7 Rent and other commitments

As of March 31, 2020 the Company has rent commitments for its offices in Zurich, Nyon and Basel for CHF 1,766,355 (2019: CHF 2,666,297).

3.8 Leasing

As of March 31, 2020, the Company has outstanding liabilities for leasing contracts in the amount of CHF 160,841 (2019: CHF 48,647).

4. Special considerations in relation to COVID-19

On 11 March 2020, the World Health Organisation declared the Coronavirus (Sars-CoV-2) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments have taken increasingly stringent steps to help contain or delay the spread of the virus, including “locking-down” cities/regions or even entire countries. According to the OECD, the Coronavirus presents the global economy with its greatest danger since the financial crisis. As of the reporting date, several governments are - in the light of declining infection rates - carefully reducing the measures implemented, allowing the economy to pick up speed again. However, the economical situation and development remains uncertain.

The Company is debt-free and has bank balances of CHF 22.8 Mio as at March 31, 2020. These balances are unencumbered and are at the free disposal of the Company. The aforesaid balances constitute 17.4% of assets (CHF 130.9 Mio) and 37.8% of the equity (CHF 60.3 Mio) and thus assures liquidity for the Company.

Notes forming part of the Financial Statements

The Company believes that it has the financial strength and a portfolio of technology and business solutions which are even more relevant in partnering with its customers to make them realise their goals.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price projects and incorporated the impact of likely delays/increased cost in meetings its obligations, revision of Service Level Agreements etc.

The company is regularly monitoring its trade receivables with close attention to the customers who might be undergoing financial stress.

The Company does not foresee any large-scale contraction in demand which could result in significant employee down-sizing, rendering the physical infrastructure redundant. Accordingly, no changes are anticipated in the long term leases for the office premises.

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS AS PER MARCH 31, 2020

The Board of Directors proposes to the General Shareholder Meeting the dividend distribution as follows:

[CHF]

Available earnings at the disposal of the General Meeting

57,782,530

Dividend

10,000,000

Carry forward the balance of

47,782,530

**TATA CONSULTANCY SERVICES DE ESPAÑA,
S.A.U.**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
MARCH 31, 2020**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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MANAGEMENT REPORT

EVOLUTION OF BUSINESS DURING THE YEAR

The revenue from operations during the financial year 2019-20 was 46,247,152 euros, which has shown an increase of 35.2% against the previous year, due to new projects obtained during the year. The main activity contributing to this turnover continued to be information technology (IT) and IT enabled services.

Employee benefit expenses of 26,946,627 euros represent 58.3% of sales, being the direct cost of the activities. The employee cost increased by 27.7% compared to the previous year due to the increase of technical staff because of enhanced business operations.

Operative income for the year 2019-20 was 1,637,570 euros which is higher than the previous year. This is due to the increase of activity post strengthening of the Company's structure to manage larger projects.

Financial income showed a loss of 179,296 euros due to the movements of the exchange rate Euro/USD, which has not been favorable to the Company also in this fiscal year.

The company's investments in fixed assets during the year have been mainly in hardware to develop its activities.

The main clients of the Company are multinational companies and the companies in the field of transportation, life sciences & health care and 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.

At the end of the fiscal year the state of alarm has been declared in Spain derived from the pandemic COVID-19. The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meetings its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognized on percentage-completion-basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realizable values.

PAYMENT TERMS TO SUPPLIERS

The average term for payments to suppliers has been 148 days which is shorter than 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. Payable to the group companies constitute a major component of the total payables.

POSITION OF THE COMPANY

The equity of the Company was 4,790,558 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

At the end of the fiscal year the state of emergency has been declared in Spain due to the global pandemic COVID-19.

In the said situation, while the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from:

- The inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers.
- Prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility.
- Customers not in a position to accept alternate delivery modes using Secured Borderless Workspaces.
- Customers postponing their discretionary spend due to change in priorities.

The Company has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

OBJECTIVES AND MANAGEMENT OF FINANCIAL RISKS

Management of risk is controlled by the company 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 is generated from the clients having a clean track record of payments. The Company has policies to limit the amount of credit risk with any customer.

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. As a consequence of to the expected crisis after the COVID-19 no material impairments for credit risk are forecasted.

Liquidity risk

The company has a prudent management of the liquidity risk, based in holding adequate cash in order to meet its payment commitments.

No financial instruments are carried at fair value as of 31 March 2020 and financial instruments carried at amortised cost as of 31 March 2020 is 19,971,449 euros.

Financial assets of 4,751,320 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of 13,287,417 euros forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance for doubtful debts. In addition to the historical pattern of doubtful debts credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. The Company closely monitors its customers who are going through financial stress and assesses suitable actions on case to case basis. Similar assessment is done in respect of unbilled receivables while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables of 108,376 euros is considered adequate.

Foreign currency exchange risk

The Company based on their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

Interest rate risk

The company does not have assets that are material 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 has carried out research and development activities which are not capitalized in the balance sheet due to the accounting requirements.

The present management report included from pages 1 to 4 above has been issued by the Board of Directors in Madrid, on ____ 2020.

Surya Kant
President

Ajoyendra Mukherjee
Director

Pradeep Manohar Gaitonde
Director

Independent Auditor's Report

**To the Sole Shareholder 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 of 31 March 2020, the statement of income, the statement of changes in equity, the statement of cash-flows and the 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 of 31 March 2020, 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 determined that the issues described below are the most relevant audit matters which we have to disclose 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.

Other information: Management report

Other information comprises exclusively the management report for the year ended on 31 March 2020, 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.

This is a translation from the original report issued in Spanish in case of discrepancy, Spanish version prevails

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 2020 and its content and presentation are in conformity with the applicable regulation.

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 of the company 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

Partner – Auditor of accounts

ROAC number 16660

12 May 2020

Balance Sheet

(EUR)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non current assets		924,049	498,835
Fixed assets		557,477	230,230
Property, plant and equipment	(5)	557,477	230,230
Non current, investments in group's companies		5,500	5,500
Equity instruments	(8)	5,500	5,500
Deferred tax assets	(14)	361,072	263,105
Current assets		20,614,558	16,638,633
Trade receivables and other debtors		15,220,129	12,443,916
Trade receivables	(9)	11,677,669	9,574,891
Trade receivables, group's companies	(10)	3,400,168	2,219,386
Other debtors		142,292	628,669
Other receivables from public entities	(14)	-	20,970
Short term investments		65,663	-
Other financial assets	(6)	65,663	-
Accruals		577,446	21,236
Prepaid expenses	(11)	577,446	21,236
Cash and equivalents		4,751,320	4,173,481
Cash and bank balances	(12)	4,751,320	4,173,481
TOTAL ASSETS		21,538,607	17,137,468
EQUITY AND LIABILITIES			
Net equity		4,790,558	3,322,668
Shareholders' funds	(13)	4,790,558	3,322,668
Share capital		60,200	60,200
Reserves		123,494	111,454
Prior years' earnings		3,126,135	2,554,495
Income for the year		1,480,729	596,519
Current liabilities		16,748,049	13,814,800
Trade payables and other creditors		15,451,613	13,120,760
Suppliers		114,344	818,646
Suppliers, group's companies	(10)	11,436,090	9,486,505
Other creditors		1,489,343	404,059
Employees (salaries pending)		562,445	462,118
Other debts with public entities	(14)	1,849,391	1,949,432
Short term accruals		1,296,436	694,040
TOTAL EQUITY AND LIABILITIES		21,538,607	17,137,468

Statement of Profit and Loss

(EUR)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
OPERATIONS			
Net revenue from operations		46,247,152	34,205,416
Services rendered	(15)	46,247,152	34,205,416
Procurements		(13,845,789)	(9,959,421)
Works performed by other companies	(16)	(13,845,789)	(9,959,421)
Employee benefit expenses	(17)	(26,946,627)	(21,099,181)
Salaries and others		(20,757,706)	(16,238,789)
Social charges		(6,188,921)	(4,860,392)
Other operative expenses		(3,711,005)	(2,642,724)
External services	(18)	(3,611,257)	(2,948,974)
Losses and impairment for commercial transactions	(9)	(99,748)	306,250
Depreciation of fixed assets	(5)	(105,659)	(50,705)
Impairment and income from disposals of fixed assets		(502)	-
Operative income	(5)	1,637,570	453,385
Exchange differences	(20)	(179,296)	(243,024)
Financial income		(179,296)	(243,024)
INCOME BEFORE TAXES		1,458,274	210,361
Corporate tax	(14)	22,455	386,158
Income for the year from operations		1,480,729	596,519
INCOME FOR THE YEAR		1,480,729	596,519

Statement of changes in Equity

(EUR)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
STATEMENT OF INCOME RECOGNISED			
Income for the year		1,480,729	596,519
Total income directly recognised in equity		-	-
Total transfer to the profit and loss account		-	-
Total income recognised		1,480,729	596,519

	Share capital	Reserves	Income from previous years	Income for the year	Total
STATEMENT OF TOTAL CHANGES IN EQUITY					
Final balance as at March 31, 2018	60,200	-	1,877,494	788,455	2,726,149
Adjusted balances, initial as at April 1, 2018	60,200	-	1,877,494	788,455	2,726,149
Total income recognised	-	-	-	596,519	596,519
Other variations in equity	-	111,454	677,001	(788,455)	-
Final balance as at March 31, 2019	60,200	111,454	2,554,495	596,519	3,322,668
Adjusted balances, initial as at April 1, 2019	60,200	111,454	2,554,495	596,519	3,322,668
Total income recognised	-	-	-	1,480,729	1,480,729
Other variations in equity	-	12,040	571,640	(596,519)	(12,839)
Final balance as at March 31, 2020	60,200	123,494	3,126,135	1,480,729	4,790,558

Cash flow statement

(EUR)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		1,256,206	1,843,251
Income before taxes		1,458,274	210,361
Adjustments on the income for:		285,457	293,729
Depreciation of fixed assets	(5)	105,659	50,705
Impairment and income from disposals of fixed assets		502	-
Exchange differences		179,296	243,024
Working capital changes		(467,141)	1,133,588
Trade receivables and other debtors		(2,830,755)	4,719,444
Other current assets		(556,796)	(7,369)
Trade payables and other creditors		2,318,014	(3,737,579)
Other short term liabilities		602,396	159,092
Other cash flows from operating activities		(20,384)	205,573
Collections (Payments) for income tax	(14)	(20,384)	205,573
CASH FLOWS FROM INVESTING ACTIVITIES		(499,071)	(179,162)
Payments for investments		(499,071)	(179,162)
Fixed assets	(5)	(433,408)	(179,162)
Other financial assets	(6)	(65,663)	-
Effect from exchange differences	(20)	(179,296)	(243,024)
Net increase in cash and cash equivalents		577,839	1,421,065
Cash and cash equivalents at beginning of the year		4,173,481	2,752,416
Cash and cash equivalents at the end of the year	(12)	4,751,320	4,173,481

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 13, 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 2020, 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 2020 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 2020 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 2020 (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 2019 which have been approved by the sole shareholder.

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

Notes forming part of the Financial Statements

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.

Impact of COVID-19

At the end of the fiscal year the state of emergency has been declared in Spain due to the global pandemic COVID-19.

In the said situation, while the Company believes strongly that it has a strong portfolio of services to partner with customers, the impact on future revenue streams could come from:

- The inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers.
- Prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility.
- Customers not in a position to accept alternate delivery modes using Secured Borderless Workspaces.
- Customers postponing their discretionary spend due to change in priorities.

The Company has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

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:

	(EUR)
	year ended March 31, 2020
Basis of distribution	
Income for the year	1,480,729
	1,480,729
Distribution	
General reserve	1,480,729
	1,480,729

4. Valuation and recording standards

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 2020 and 2019, all of them are fully amortised.

Notes forming part of the Financial Statements

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 not 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.

Notes forming part of the Financial Statements

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 asset 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 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**

Turnover and expense invoiced that have not been carried out at the end of the year is recorded as a current liability or asset as short-term accruals.

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.

Notes forming part of the Financial Statements

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, because 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 it 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 it 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 it 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 completed 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 criteria given below:

- Services rendered have been valued 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 denominated in foreign currency have been converted to euros by applying the exchange rate at the end of the year and non-monetary assets valued at historic cost are converted applying the exchange rate

Notes forming part of the Financial Statements

when the transaction was carried out. Finally, conversion to euros of the non-monetary 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

a) Composition and movement as at 31 March 2020 in accounts included as tangible assets have been as follows:

(EUR)

	Balances as at March 31, 2019	Additions (Expense)	Disposals	Transfers	Balances as at March 31, 2020
Cost value					
Computers	665,896	179,449	(15,262)	12,164	842,247
Office equipment	1,476	2,697	-	-	4,173
Furniture and fixtures	897,076	197,220	-	17,345	1,111,641
Tangible assets in progress	29,509	54,042	-	(29,509)	54,042
	1,593,957	433,408	(15,262)	-	2,012,103
Cumulated amortisation					
Computers	(471,280)	(90,766)	14,760	-	(547,286)
Office equipment	(70)	(764)	-	-	(834)
Furniture and fixtures	(892,377)	(14,129)	-	-	(906,506)
	(1,363,727)	(105,659)	-	-	(1,454,626)
Net value					
Computers	194,616				294,961
Office equipment	1,406				3,339
Furniture and fixtures	4,699				205,135
Tangible assets in progress	29,509				54,042
Total	230,230				557,477

Composition and movement as at 31 March 2019 in accounts included as tangible assets have been as follows:

(EUR)

	Balances as at March 31, 2018	Additions (Expense)	Disposals	Balances as at March 31, 2019
Cost value				
Computers	505,238	155,101	5,557	665,896
Office equipment	-	1,476	-	1,476
Furniture and fixtures	891,836	5,240	-	897,076
Tangible assets in progress	17,721	17,345	(5,557)	29,509
	1,414,795	179,162	-	1,593,957
Cumulated amortisation				
Computers	(421,233)	(50,047)	-	(471,280)
Office equipment	-	(70)	-	(70)
Furniture and fixtures	(891,789)	(588)	-	(892,377)
	(1,313,022)	(50,705)	-	(1,363,727)
Net value				
Computers	84,005			194,616
Office equipment	-			1,406
Furniture and fixtures	47			4,699
Tangible assets in progress	17,721			29,509
Total	101,773			230,230

Notes forming part of the Financial Statements

- b) There are no significant tangible assets fully amortised.
- c) The Company has contracted insurance policies in order to cover the risk for the goods in tangible assets. The coverage of those policies is considered enough.

6. Operating leases

- a) The Company has taken on lease from third parties office buildings and vehicles. The total leases expenses incurred during the year as at 31 March 2020 have amounted to 532,260 euros and in the prior year as at 31 March 2019 were 378,640 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 and expenses for an amount of 510,281 euros in this year and 340,872 euros in the prior year. This contract ends in April 2024 and the company has made a deposit of 65,663 euros as a bail.
- c) Amount of lease commitments at the end of the year is as follows::

(EUR)

Amounts to pay

Less than 1 year

Between 1 and 5 years

More than 5 years

Total

As at March 31, 2020	As at March 31, 2019
502,323	284,303
1,476,559	71,347
-	-
1,978,882	355,650

- d) The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centres / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

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:

(EUR)

Short term financial assets

Loans and receivables

Trade receivables and other debtors

Other financial assets

Total

Balance As at March 31, 2020	Balance As at March 31, 2019
15,220,129	12,314,914
65,663	-
15,285,792	12,314,914

- b) The classification of financial liabilities by categories and classes is as follows:

(EUR)

Short term financial liabilities

Debts and payable

Trade payables and other creditors

Total

Balance As at March 31, 2020	Balance As at March 31, 2019
13,602,222	11,171,328
13,602,222	11,171,328

Notes forming part of the Financial Statements

c) 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 is generated from the clients having a clean track record of payments. The Company has policies to limit the amount of credit risk with any customer.

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. As a consequence of to the expected crisis after the COVID-19 no material impairments for credit risk are forecasted.

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.

No financial instruments are carried at fair value as at 31 March 2020 and financial instruments carried at amortised cost as at 31 March 2020 is 20,037,112 euros.

Financial assets of 4,751,320 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Company has assessed the counterparty credit risk. Trade receivables of 13,287,417 euros forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance for doubtful debts. In addition to the historical pattern of doubtful debts credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. The Company closely monitors its customers who are going through financial stress and assesses suitable actions on case to case basis. Similar assessment is done in respect of unbilled receivables while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables of 108,376 euros is considered adequate.

iv. **Foreign currency exchange risk**

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

v. **Interest rate risk**

The company does not have assets that are material 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.

vi. **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:

Notes forming part of the Financial Statements

(EUR)

	As at March 31, 2020	As at March 31, 2019
Net equity		
Share capital	5,500	5,500
Reserves	(374,678)	(1,022,631)
Income for the year	365,796	649,080
Total	(3,382)	(368,051)

d) That company is not listed in stock exchange and during the years as at 31 March 2020 and 2019 has not paid dividends.

9. Trade receivables

a) Detail of the balance is as follows:

(EUR)

	As at March 31, 2020	As at March 31, 2019
Clients		
For services rendered	13,287,417	11,067,401
Unbilled revenue	1,790,420	726,876
Total	15,077,837	11,794,277

During the year ended 31 March 2020, the expense for credit risk impairment has been 99,748 Euros. During the past year, an amount of impairment for 305,688 euros was written-off.

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:

(EUR)

	Assets		Turnover for services	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Clients				
MGDC S.C.	(15)	-	-	(91)
Tata Consultancy Services America	-	(15)	-	377,828
Tata Consultancy Services Asia Pacific Pte Ltd.	-	22,347	-	246,949
Tata Consultancy Services Belgium, N.V./S.A.	26,014	42,309	305,685	-
Tata Consultancy Services Deutschland, GmbH	12,584	25,030	271,452	122,067
Tata Consultancy Services Do Brasil Ltda	1,530	-	-	-
Tata Consultancy Services France S.A	12,966	48,226	198,313	361,455
Tata Consultancy Services Luxembourg S.A.	103,286	-	54,858	-
Tata Consultancy Services Italia SRL	-	8,926	-	-
Tata Consultancy Services Netherlands BV	53,629	140,701	331,169	717,791
Tata Consultancy Services Österreich GmbH	-	4,404	-	-
Tata Consultancy Services Portugal U. Lda.	19,309	12,201	-	-
Tata Consultancy Services Sverige AB	132,621	97,979	1,237,266	397,556
Tata Consultancy Services Switzerland, Ltd.	235,346	165,286	1,043,042	820,372
Tata Consultancy Services, Limited	3,158,887	1,651,993	3,290,647	3,299,257
	3,756,157	2,219,386	6,732,432	6,343,184

Notes forming part of the Financial Statements

- b. Additionally, there exist a balance for prepaid expenses to Tata Consultancy Services Limited for an amount of 576,868 euros (see note 11).
- c) The detail of credit balances and expenses for services rendered by group's companies is as follows:

	Liabilities		Services received	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Suppliers				
MGDCSC	3,022	3,022	-	7
Tata America International Corporation	-	9,402	4,429	6,751
TCS Belgium, S.A.	13,699	10,974	14,261	10,752
TCS Danmark ApS	-	-	-	519
TCS Deutschland	15,881	19,371	(11,207)	(13,278)
TCS Do Brasil	76,904	12,069	66,790	11,795
TCS France	25,565	17,385	59,012	32,827
TCS Italia	125,569	-	131,303	-
TCS Luxembourg,	-	-	(90,599)	(330)
TCS México	36,456	163,200	437,468	489,474
TCS Netherlands	26,822	63,050	197,351	47,062
TCS Österreich GmbH	-	-	(6,946)	(10,479)
TCS Portugal	3,332	3,332	(8,193)	(9,147)
TCS Sverige AB	5,062	14,974	1,918	19,533
TCS Switzerland Ltd	95,933	111,619	192,929	151,044
TCS Limited	10,088,345	9,058,106	11,581,319	8,668,661
	10,516,591	9,486,505	12,569,835	9,405,192
Other creditors				
Tata Sons Limited	-	-	76,751	(7,913)
	10,516,591	9,486,505	12,646,586	9,397,279

11. Prepaid expenses

- a) Detail of the balance and movement is as follows:

(EUR)

	As at March 31, 2020	As at March 31, 2019
Project expenses		
Balance at the beginning of the year	21,236	13,867
Transfer to income for the year	(21,236)	(13,867)
Services TCS Limited	576,868	-
Other prepaid expenses	578	21,236
Total	577,446	21,236

Notes forming part of the Financial Statements

12. Cash and bank balances

- a) Detail of the balance by categories is as follows:

(EUR)

	As at March 31, 2020	As at March 31, 2019
Categories		
Current accounts, Euro	4,736,930	3,880,137
Current accounts, USD	14,390	293,344
Total	4,751,320	4,173,481

13. Shareholders' funds

- a) Share capital is represented by 60,200 shares with a face value of 1 euro each, fully subscribed and paid being the sole shareholder being 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 reserves is as follows:

(EUR)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Reserves		
Legal Reserve	12,040	12,040
Other reserves	111,454	99,414
Total	123,494	111,454

- d) The legal reserve has been created according to the Law of Capitalists Companies, establishing that in any case, an amount equal to 10 per cent of the profit in the year will be dedicated to it until it is, at least, 20 per cent of the share capital. This reserve is not distributable to the shareholders and it can only be used to compensate losses in case there are not any other available reserves, enough for that end.
- e) The balance of income from previous years are profits pending to be distributed.

14. Tax position

- a) Detail of balances is as follows:

(EUR)

	Non Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Assets				
Deferred tax assets	361,072	263,105	-	-
Current income tax assets	-	-	-	20,970
	361,072	263,105	-	20,970
Liabilities				
Withholdings on personal tax	-	-	326,949	224,772
Added Value Tax	-	-	876,839	1,194,750
Social Security Entities	-	-	591,061	529,910
Current income tax liabilities	-	-	54,542	-
	-	-	1,849,391	1,949,432

Notes forming part of the Financial Statements

- b) The company has generated losses in 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 3,154,496 euros and it was 3,209,117 euros at the end of the prior year, with a decrease of 52,290 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 not a high probability for compensating with positive tax bases of future years.
- c) Detail of negative bases pending to be compensated in the corporate tax is as follows:

End of the original year	Euro
31/03/2012	468,540
31/03/2013	5,567,682
31/03/2014	2,289,977
31/03/2015	2,493,129
31/03/2016	585,585
	<u>11,404,913</u>

- d) The reconciliation between the net amount of revenues and expenses for the year and the taxable base is as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance of revenues and expenses		
for the year	1,480,729	596,519
Corporate tax	(22,455)	(386,158)
Temporary differences		
Depreciation non-deductible	(16,273)	(16,273)
Compensation of negative bases	(1,221,000)	(194,088)
Taxable base	221,001	-
Tax amount	(55,250)	-
Withholdings and payments in advance	708	20,970
Net receivable (payable)	(54,542)	20,970

- e) The reconciliation between the income before tax and the tax expense for income tax is as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Income before taxes for the year	1,458,274	210,359
Income for corporate tax recognised		
in the statement of profit and loss		
Amount at tax general rate	(3,64,569)	(52,590)
Disallowable expenses	-	(204)
Deductions	-	3,15,899
Operating losses carry forwards	3,28,266	1,23,053
Deferred tax assets not recognised	56,003	-
Other Permanent differences	2,754	-
	22,455	3,86,158

Notes forming part of the Financial Statements

- f) Detail and movements for deferred tax assets are as follows:

	As at March 31, 2019	Additions	Deletions	As at March 31, 2020
Deferred tax assets				
Deductions pending to apply	263,105	45,172	-	308,277
Other deferred tax assets	-	52,795	-	52,795
	<u>263,105</u>	<u>97,967</u>	<u>-</u>	<u>361,072</u>

Deductions pending to apply come from expenses in research and development incurred during the years 2015 to 2019.

Movements for the prior year are as follows:

	As at March 31, 2018	Additions	Deletions	As at March 31, 2019
Deferred tax assets				
Deductions pending to apply	-	315,899	(52,794)	263,105
	<u>-</u>	<u>315,899</u>	<u>(52,794)</u>	<u>263,105</u>

- g) The company has open to be reviewed tax assessment for the years given below:

Tax issue

Corporate tax	2011 to 2019
Value Added Tax	2016 to 2019
Withholdings on personal tax	2016 to 2019
Local tax	2016 to 2019

Consequently, 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) Detail of the amount by geographical areas is as follows:

(EUR)

Area	For the year ended March 31, 2020	For the year ended March 31, 2019
Spain and EU	42,425,702	30,276,610
United Kingdom	3,395,262	3,188,475
Americas	426,173	362,518
Asia Pacific	15	377,813
Total	<u>46,247,152</u>	<u>34,205,416</u>

16. Works performed by other companies

- a) The entire amount comes from works in consultancy subcontracted to other companies. Approximately, 91% of the balance in the year ended as at 31 March 2020 and 94% in the prior year is from acquisition of services from group's companies.

Notes forming part of the Financial Statements

- b) Detail of expense by geographical markets is as follows

(EUR)

Area	For the year ended March 31, 2020	For the year ended March 31, 2019
Spain	1,275,954	554,229
Rest of Europe	479,828	228,502
America	508,688	508,029
Asia Pacific	11,581,319	8,668,661
Total	13,845,789	9,959,421

17. Personnel

- a) The average staff during the years by categories is as follows:

	For the year ended March 31, 2020			For the year ended March 31, 2019		
Categories	Women	Men	Total	Women	Men	Total
Managers	1	-	1	1	-	1
Technicians	73	379	452	64	305	334
Administrative	7	9	16	6	9	14
Total	81	388	469	71	314	349

- b) Staff at the end of the year is as follows:

	For the year ended March 31, 2020			For the year ended March 31, 2019		
Categories	Women	Men	Total	Women	Men	Total
Managers	1	-	1	1	-	1
Technicians	91	453	544	74	370	444
Administrative	7	9	16	6	9	15
Total	99	462	561	81	379	460

- c) Staff includes 6 handicapped persons, with a level higher than 33%, hired as technicians in 2019 and 6 persons in the prior year.
- d) Detail of the balance of social charges in both years is as follows:

(EUR)

Social charges	As of March 31, 2020	As of March 31, 2019
Social Security charged to the company	5,402,088	4,180,490
Other social charges	786,833	679,902
Total	6,188,921	4,860,392

Notes forming part of the Financial Statements

18. External services

a) Detail of the balances by concepts is as follows:

(EUR)

	As of March 31, 2020	As of March 31, 2019
External services		
Leases and maintenance of facilities	623,964	512,101
External consultants	410,683	295,278
Travel expenses	530,866	290,527
Communications	276,975	206,993
Other expenses	1,768,769	1,644,075
Total	3,611,257	2,948,974

19. Balances and transactions in foreign currencies

Detail of balances and transactions performed in foreign currency different from euros is as follows:

	US Dollar		GB Pound		Other currencies	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Balance sheet						
Trade receivables and other debtors	350,313	491,370	1,113,997	152,677	1,602,319	21,317
Trade payables and other creditors	424	596,661	38,580	257,198	224,617	75,896
Cash and equivalents	14,390	293,344	-	-	-	-
Statement of profit and loss						
Services rendered	1,648,203	1,593,241	2,345,404	2,494,801	1,398,204	463,864
Works performed by other companies	269,143	611,117	10,666	444,390	-	203,372
Other services	279,159	-	66,045	-	176,271	-

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:

	March 31, 2020	March 31, 2019
Average period of payments to suppliers	148 days	163 days
Ratio of paid transactions	49 days	45 days
Ratio of payable transactions	194 days	250 days
Total payments carried out	9,736,251 euros	7,218,120 euros
Total payments pending	10,500,469 euros	9,747,167 euros

Notes forming part of the Financial Statements

- 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 remuneration 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 2020 an amount of 198.607 euros and was 197.632 euros for the year ended on 31 March 2019.

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 2020, the auditors have generated a fee of 7,350 euros, same amount as paid in the previous year.

25. Subsequent events

After the end of the year, no facts or circumstances, other than those arising from COVID-19 have occurred which however does not impact the annual accounts.

The present financial statements included from pages 1 to 26 above have been issued by the Board of Directors in Madrid, on _____ 2020.

Surya Kant
President

Ajoyendra Mukherjee
Director

Pradeep Manohar Gaitonde
Director

**TATA CONSULTANCY SERVICES
PORTUGAL UNIPessoal, LDA.**

FINANCIAL STATEMENTS

**For the year ended
March 31, 2020**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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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 2019 for consideration in the General Meeting of the Company.

Company Performance

The company's activity improved satisfactorily in 2019 and despite the challenges, the company presents positive net results, representing 12% of turnover, which is a marginal reduction compared to the previous year.

The results obtained by the company in the current financial year were within the estimates made, as better described in chapter <Analysis of Economic and Financial position of the Company>.

We project the continuation of the company's growth on a sustainable basis, despite taking into account the constant uncertainty of the markets' evolution.

Economic and financial Company position analysis

The comparative situation of the various company indicators is shown in the following table:

(EUR)

	2017	2018	2019
Sales	3,375,767	3,310,474	2,946,285
Income before Tax	855,180	710,067	407,844
Net income	<u>779,845</u>	<u>644,552</u>	<u>365,650</u>
Current assets	1,945,110	2,833,623	2,645,895
Non-current Assets	10,156	9,148	6,644
TOTAL ASSETS	<u>1,955,266</u>	<u>2,842,771</u>	<u>2,652,539</u>
TOTAL EQUITY	<u>(1,010,596)</u>	<u>(366,045)</u>	<u>(395)</u>
TOTAL LIABILITIES	<u>2,965,862</u>	<u>3,208,815</u>	<u>2,652,934</u>
TOTAL LABILTY AND EQUITY	<u><u>1,955,266</u></u>	<u><u>2,842,771</u></u>	<u><u>2,652,539</u></u>
Number of employees	17	17	13
Employee Expenses	1,024,746	1,059,955	986,961

The 2019 fiscal year was influenced by a slight decrease in sales volume, from 3,310,474 € in 2018 to 2,946,285 € in the year to which this report concerns.

This situation has influenced the operating and current results, with a decrease of 302.223€, in relation to the previous year.

In 2019, the company proved to be self-sufficient to meet its cash requirements, and did not take recourse to Banks for financial operations.

The financial stability of the company though improving is impacted by the accumulation of consecutive negative results, as follows:

Indicators

Indicators	2017	2018	2019
Financial autonomy	-51.69%	-12.88%	-0,01%
Solvency	-34.07%	-11.41%	-0,01%

At present, current liabilities exceed current assets and, as a result of losses incurred on projects developed in previous years, the company has a negative Equity of approximately 395 euros, a situation that determines the application of articles 35 and 171 of the Commercial Companies Code (CSC). In view of the above and in the light of the improving net equity, and given the fact that 82% 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 2019, the company had a reduction of four employees as compared to the previous year.

Market Conditions

As in the previous year, the price levels practiced by the Company in 2019 were maintained in the current year by maintaining the services quality, which will enable sustained growth for the coming years. The market for our services has been characterized as quite competitive. But despite the increase in competition, which is highly competitive in terms of prices, the quality of services provided by TATA CONSULTANCY SERVICES PORTUGAL,UNIP. LOA., together with the seriousness with which the company operates, has allowed us to continue to improve the trust and dedication of our current customers.

Communication and Image

In the perspective of the increase in sales volume, during the year 2018 and in order to increase the aggressiveness in the market, TATA CONSULTANCY SERVICES PORTUGAL,UNIP. LOA., was present preferably in international magazines.

Investments

The direct investment in 2019 was 634 Euros in a computer.

Relevant subsequent events

After the the balance sheet date, the country and the world are enduring COVID 19, a pandemic:

1. Relevant dates of the Pandemic - Declaration by the World Health Organization (3/11/2020) and Declaration of the state of Emergency in Portugal (3/18/2020);
2. To continue the business operations of the company, we addressed this situation, with priority being given to safeguard the health and wellbeing of our employees, while continuing to support its customers' mission critical activities through establishing telework known as Secure Borderless Workspaces (SBWS)
3. At this point of time it is not feasible to conclusively assess the future impact on the level of operations or the profitability;
4. The measures taken are considered the best possible measures under the present circumstances and with the information currently available and under the uncertainty associated with future developments that will depend on the effects of the pandemic on the economy. Despite the COVID-19 pandemic, the company's going concern assumption, used in the preparation of these financial statements, remains appropriate.

Business Forecast

Management believes that the results obtained at all levels by the company reinforce its stability both in economic and financial terms and in terms of the current market share.

The Company's activity in the initial months of the next fiscal year is expected to remain identical compared to the activity in 2018 -19. However, we should mention that the activities may be affected in a more or less perceptible way, depending on the effect of the pandemic on the world, on the national economy and in particular on the sectors of activity of our customers . This effect is currently not feasible to estimate, due to the degree of uncertainty associated with the evolution of this exceptional situation.

Management believes that the company has adequate facilities to manage the desirable movements in the operations of the company.

Proposal for profit appropriation

Management proposes that the net profit for 2019, in the amount of 365,650 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, 23rd April 2020

The Management

INDEPENDENT AUDITORS' 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 2020 (which shows total assets of Euro 2,652,539 and total negative shareholders' equity of Euro 395 including a net profit of Euro 365,650), 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 2020, and its financial performance and its cash flows for the year then ended, in accordance with generally accepted accounting principles in Portugal.

Basis for opinion

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.

Emphasis of matter

As described in note 23 of the notes to the financial statements and in the management report, the pandemic caused by COVID - 19 may have negative impacts on the Entity's financial statements in 2020, and it is not possible at this time to determine its effects.

Our opinion is not changed in relation to this matter.

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. 451 of 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, 23rd April 2020

RSM & Associados- Sroc, Lda
Represented by Joaquin Patricio da Silva (ROC no 320)

Balance Sheet

[Translated from the Portuguese original – Note 25]

(EUR)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets:			
Tangible fixed assets	6	938	1,514
Other financial assets		5,706	7,633
		6,644	9,148
Current assets:			
Trade receivables	8	1,245,410	1,375,396
State and other public entities	15	775	57,287
Other receivables	8	229,742	177,180
Deferrals	10	6,274	14,403
Cash and bank deposits	4	1,163,695	1,209,357
		2,645,895	2,833,623
TOTAL ASSETS		2,652,539	2,842,771
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)		(3,032,022)	(3,676,574)
		(366,045)	(1,010,596)
Net profit/(loss) for the year		365,650	644,552
Total quotaholders' equity		(395)	(366,045)
Liabilities			
Current liabilities			
Suppliers	14	2,122,153	2,538,253
State and other public entities	15	39,232	153,508
Other payables	13	486,454	486,713
Deferrals	10	5,095	30,341
		2,652,934	3,208,815
Total liabilities		2,652,934	3,208,815
TOTAL QUOTAHOLDERS' EQUITY AND LIABILITIES		2,652,539	2,842,771

The accompanying notes form an integral part of the balance sheet as of March 31, 2020.

THE CERTIFIED ACCOUNTANT

MANAGEMENT

Statements of Profit and Loss

[Translated from the Portuguese original – Note 25]

[EUR]

	Note	Year ended March 31, 2020	Year ended March 31, 2019
EARNINGS AND LOSSES			
Services rendered	17	2,946,285	3,310,474
Supplies and services	18	(1,556,216)	(1,570,947)
Payroll expenses	19	(986,961)	(1,059,955)
Accounts receivable impairment losses	8	-	3,769
Provisions	20	-	377
Other operating income	21	18,711	43,080
Other operating expenses	22	(12,764)	(13,966)
Net profit/(loss) before depreciation, financial expenses and taxes		409,055	712,831
Amortization and depreciation	6	(1,210)	(2,764)
Operating profit (before financial expenses and income taxes)		407,844	710,067
NET PROFIT/(LOSS) BEFORE INCOME TAX		407,844	710,067
Corporate income tax for the year	7	(42,194)	(65,515)
NET PROFIT/(LOSS) FOR THE YEAR		365,650	644,552

The accompanying notes form an integral part of the statement of profit and loss by nature for the year ended March 31, 2020.

THE CERTIFIED ACCOUNTANT

MANAGEMENT

Statements of Changes in Quotaholders' Equity for the Years Ended March 31, 2019 and 2018

[Translated from the Portuguese original – Note 25]

[EUR]

	Note	Quota capital	Legal reserve	Other reserves	Retained earnings/(losses)	Net profit/(loss) for the year	Total
Balance as of March 31, 2018		5,500	17,574	2,642,904	(4,456,419)	779,845	(1,010,596)
Net profit for the year		-	-	-	-	644,552	644,552
Appropriation of 2018 results:							
Transfer to retained earnings/(losses)	11	-	-	-	779,845	(779,845)	-
Balance as of March 31, 2019		5,500	17,574	2,642,904	(3,676,574)	644,552	(366,045)
Net profit for the year		-	-	-	-	365,650	365,650
Appropriation of 2019 results:							
Transfer to retained earnings/(losses)	11	-	-	-	644,552	(644,552)	-
Balance as of March 31, 2020		5,500	17,574	2,642,904	(3,032,022)	365,650	(395)

The accompanying notes form an integral part of the statement of changes in quotaholders' equity for the year ended March 31, 2020.

THE CERTIFIED ACCOUNTANT

MANAGEMENT

Statements of Cash Flows

[Translated from the Portuguese original – Note 25]

[EUR]

	Note	Year ended March 31, 2020	Year ended March 31, 2019
OPERATING ACTIVITIES:			
Received from clients		3,399,033	3,263,841
Paid to suppliers		(2,142,502)	(1,574,062)
Paid to employees		(974,036)	(1,017,656)
Net cash from operations		282,494	672,123
Income tax (paid) / received		(51,197)	(106,056)
Other (payments) / receipts relating to operating activities		(278,687)	(282,341)
Net cash (used)/provided by operating activities		(47,389)	283,726
INVESTING ACTIVITIES:			
Receipts relating to:			
Financial investments		2,805	823
		2,805	823
Payments relating to:			
Other financial assets		(1,077)	(2,778)
		(1,077)	(2,778)
Net cash provided/(used) by investing activities		1,728	(1,955)
Variation in cash and cash equivalents ([3] = [1] + [2])		(45,661)	281,771
Cash and cash equivalents at the beginning of the year	4	1,209,357	927,585
Cash and cash equivalents at the end of the year	4	1,163,695	1,209,357

The accompanying notes form an integral part of the statement of cash flows for the year ended March 31, 2020.

THE CERTIFIED ACCOUNTANT

MANAGEMENT

Notes forming part of the Financial Statements

(Translation of notes originally issued in Portuguese - Note 25)

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 of 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 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 on April 23, 2020.

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, 395 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.

Notes forming part of the Financial Statements

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 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 flow s 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;
- Payables to Suppliers;
- Other payables;
- 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.

Notes forming part of the Financial Statements

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.

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.

Notes forming part of the Financial Statements

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, 2020 and 2019, 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.

Notes forming part of 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, 2020 and 2019, are detailed as follows:

	(EUR)	
	As at March 31, 2020	As at March 31, 2019
Bank deposits immediately callable	1,133,695	1,209,357
Cash and equivalents	1,133,695	1,209,357

5. Accounting Policies, Changes In Estimates And Errors

In the year ended as of March 31, 2020, there were no changes in accounting policies in relation to those used in the year ended as of March 31, 2019, presented for comparative purposes, nor were material errors relating to prior years identified.

6. Tangible Fixed Assets

During the years ended March 31, 2020 and 2019, the movements in tangible fixed assets, as well as in the respective accumulated depreciations and impairment losses, were as follows:

	(EUR)	
	As at March 31, 2020	As at March 31, 2019
Administrative equipment		
Gross assets:		
Beginning balance	54.895	54.895
Increases	634	-
Ending balance	55.529	54.895
Accumulated depreciation and impairment losses:		
Beginning balance	53.381	50.617
Depreciation of the year	1.210	2.764
Ending balance	54.591	53.381
Net assets	938	1.514

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 1.4% of Municipal Surcharge. For 2019, the nominal tax rate can vary between 22,4% and 29,4% depending on the determined taxable income, which will be taxable at the follow rates:

- IRC rate: 17% to the first 15.000 Euros;
- IRC rate: 21% over remaining taxable income;
- Municipal surcharge: 1,4% 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.

Notes forming part of the Financial Statements

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 2015 to 2019 are still subject to review. Management believes that possible corrections arising from inspections by the tax authorities of those tax returns will not have a significant impact on the financial statements of March 31, 2020 and 2019.

As of March 31, 2020 and 2019, there were no temporary differences between accountant and tax in order to create deferred taxes in the financial statements.

For the years ended March 31, 2020 and 2019, the tax rate reconciliation is as follows:

Reconciliation of the tax rate

(EUR)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit / (Loss) before income tax	407,844	710,067
Nominal tax rate (<15.000 net income)	17.00%	17.00%
Nominal tax rate (>15.000 net income)	21.00%	21.00%
Municipal Tax	1.40%	1.40%
Expected income tax	90,757	158,455
Nominal tax rate	22.25%	22.32%
Profit / (Loss) before income tax	407,844	710,067
Permanent differences	24,391	17,394
Tax losses carried forward for which no deferred taxes were recorded	(302,564)	(509,223)
Profit for tax proposes	129,671	218,238
Income tax (<15,000)	2,550	2,550
Income tax (>15,000)	24,081	42,680
Income tax (municipal tax)	6,051	10,184
Autonomous taxation (a)	9,512	10,101
Total income tax (note 15)	42,194	65,515
Effective tax rate	10.35%	9.23%

8. Trade Receivables And Other Receivables

As of March 31, 2020 and 2019, trade receivables and other receivables present the following composition:

(EUR)

	As at March 31, 2020			As at March 31, 2019		
	Gross Amount	Impairment Losses	Net Amount	Gross Amount	Impairment Losses	Net Amount
Current:						
Trade receivables	1,257,980	(12,570)	1,245,410	1,387,754	(12,358)	1,375,396
Other receivables	229,742	-	229,742	177,180	-	177,180
	1,487,722	(12,570)	1,475,152	1,564,934	(12,358)	1,552,576

As of March 31, 2020 and 2019, trade receivables include 672.623 Euros and 911.855 Euros, respectively, related with Group companies (Note 16).

Notes forming part of the Financial Statements

For the years ended March 31, 2020 and 2019, movements occurred in impairment losses, were as follows:

(EUR)

	Year ended March 31, 2020	Year ended March 31, 2019
Beginning balance	12,358	15,132
Increase	-	-
Decrease	-	3,769
Effect of exchange rate adjustments	212	995
	12,570	12,358

As of March 31, 2020 the decrease occurred refers to the record of foreign exchange differences for adjustments balances expressed on Dollars.

Other receivables

As of March 31, 2020 and 2019, this caption was as follows:

(EUR)

	As at March 31, 2020	As at March 31, 2019
Accrued income:		
Unbilled services rendered	228,759	171,105
Other debtors	983	6,075
	229,742	177,180

As of March 31, 2020 and 2019, other receivables included 92.439 Euros and 88 .148 Euros respectively, related with Group companies (Note 16).

9. Advances to Suppliers

As of March 31, 2020, there were no advances to suppliers.

10. Deferrals

As of March 31, 2020 and 2019, these captions were detailed as follows:

(EUR)

	As at March 31, 2020	As at March 31, 2019
Deferred assets:		
Supplies and services	4,066	11,117
Payroll expenses	2,208	3,286
	6,274	14,403
Deferred liabilities:		
Services rendered	5,095	30,341

As of March 31, 2020, and 2019, the deferred liabilities include 112 Euros and 18.597 Euros, respectively, related with Group companies (Note 16).

Notes forming part of the Financial Statements

11. Quota Capital And Reserves

As of March 31, 2020 and 2019, 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 17, 2018, the results of the year ended on March 31, 2018, EUR 779.845 were transferred to Retained earnings/(losses).

As approved at the General Shareholders' Meeting held on April 17, 2019, the results of the year ended on March 31, 2019, EUR 644.552 were transferred to Retained earnings/(losses).

12. Leases

Operating leases

As of March 31, 2020 and 2019, the Company has part of its operational lease contracts related to rented vehicles. The minimum non-cancellable lease payments as of March 31, 2020 and 2019, are as follows:

	As at March 31, 2020	As at March 31, 2019
Until 1 year	13,726	13,726
Between 1 and 5 years	6,725	20,450
	20,451	34,176

13. Other Payables

As of March 31, 2020 and 2019, the caption "Other payables" had the following composition:

	As at March 31, 2020	As at March 31, 2019
Accrued costs:		
Employees	154,357	184,622
Supplies and services	102,215	25,575
Bonuses	61,313	53,739
Audit	6,100	6,100
Credits to be granted	850	4,756
Subcontracts	29,392	91,243
Others	66,207	71,631
Other Creditors	66,020	49,047
	486,454	486,713

As of March 31, 2020 and 2019 other payables included 112.509 Euros and 25.575 Euros, respectively, related with Group companies {Note 16}.

Notes forming part of the Financial Statements

14. Suppliers

As of March 31, 2020 and 2019, the caption "Suppliers" was as follows :

(EUR)

Suppliers, current account :

Group companies (Note 16)
Other suppliers

As at March 31, 2020	As at March 31, 2019
2,084,827	2,504,767
37,326	33,486
2,122,153	2,538,253

15. State and Other Public Entities

As of March 31, 2020 and 2019, the caption "State and other public entities" was as follows:

(EUR)

Corporate income tax:

Withholding taxes
Advances
Estimated tax (Note 7)
Personal income tax
Value Added Tax
Social Security Contributions

As at March 31, 2020	As at March 31, 2019
(42,969)	(50,871)
-	(6,416)
42,194	65,515
20,367	20,795
4,086	49,628
14,779	17,570
38,457	96,221

16. Related Parties

Transactions with related parties

During the years ended March 31, 2020 and 2019 transactions with related parties were as follows :

(EUR)

	Year ended March 31, 2020		Year ended March 31, 2019	
	Services rendered (Note 17)	Supplies and services (Note 18)	Services rendered (Note 17)	Supplies and services (Note 18)
Tata America Internacional Corporation	(366)	(11)	(125,558)	998
Tata Consultancy Services, Limited	638,425	719,957	815,724	605,240
Tata Consultancy de España, S.A.	-	8,192	-	9,147
Tata Consultancy Services Netherlands B.V.	206,033	7,205	212,272	4,179
Tata Consultancy Services France SAS	158,085	6,712	174,911	3,234
Tata Consultancy Services Deutschland GmbH	-	996	-	1,224
Tata Consultancy Services Sweden	-	839	-	934
Tata Consultancy Services Switzerland Ltd	-	-	-	590
Tata Consultancy Services Luxembourg SA	80,979	-	92,638	-
	1,083,156	743,890	1169,987	625,546

Notes forming part of the Financial Statements

Balances with related parties

As of March 31, 2020 and 2019, balances with related parties were as follows :

(EUR)

	As at March, 2020				
	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	-	1,084	19,309	-
Tata Consultancy Services Netherlands B.V.	36,644	-	1,511	17,235	112
Tata Consultancy Services Deutschland GmbH	-	-	262	8,703	-
Tata Consultancy Services France SAS	6,400	42,095	1,796	12,744	-
Tata Consultancy Services Luxembourg SA	19,360	22,739	-	-	-
Tata Consultancy Services Sweden	-	-	160	3,085	-
Tata America Internacional Corporation	-	-	411	2,134	-
Tata Consultancy Services Switzerland Ltd	-	-	-	2,592	-
Tata Consultancy Services, Limited	606,887	27,605	96,991	2,014,492	-
	672,623	92,439	102,215	2,084,827	112

	As at March, 2019				
	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	-	3,163	9,038	-
Tata Consultancy Services Netherlands B.V.	16,585	-	1,640	9,901	2,918
Tata Consultancy Services Deutschland GmbH	-	-	275	7,695	-
Tata Consultancy Services France SAS	13,334	12,509	1,144	6,684	-
Tata Consultancy Services Luxembourg SA	21,771	23,064	-	-	-
Tata Consultancy Services Sweden	-	-	416	2,174	-
Tata America Internacional Corporation	-	-	984	1,563	10,092
Tata Consultancy Services Switzerland Ltd	-	-	-	2,456	-
Tata Consultancy Services, Limited	854,567	51,706	17,954	2,465,258	5,588
	911,855	88,148	25,575	2,504,767	18,597

17. Rendered Services

Rendered services by the Company during the years ended March 31, 2020 and 2019, were as follows:

(EUR)

	Year ended March 31, 2020	Year ended March 31, 2018
Internal market	1,863,12	2,140,487
External market (a)	1,083,15	1,169,987
	2,946,285	3,310,474

(a) As of March 31, 2020 and 2019 rendered services included 1.083.156 Euros and 1.169.987 Euros, respectively, related with Group companies (Note 16) .

Notes forming part of the Financial Statements

18. Supplies and Services

The caption "Supplies and services" for the years ended March 31, 2020 and 2019, is made up as follows :

(EUR)

	Year ended March 31, 2020	Year ended March 31, 2019
Subcontracts	1,091,060	1,150,004
Fees	371,204	320,533
Rents and leases	38,804	38,273
Travel expenses	4,961	11,604
Specialized services	21,880	25,620
Communication	8,104	8,082
Others	20,203	16,831
	1,556,216	1,570,947

During the years ended March 31, 2020 and 2019, these captions included 743.890 Euros and 625.546Euros, respectively, related to services rendered by Group companies (Note 16).

19. Payroll Expenses

The caption "Payroll expenses" of the years ended March 31, 2020 and 2019, was as follows:

(EUR)

	Year ended March 31, 2020	Year ended March 31, 2019
Staff remuneration	720,352	783,168
Bonuses	53,962	53,771
Social security charges	165,043	181,278
Others	47,604	41,739
	986,961	1,059,955

During the years ended March 31, 2020 and 2019, the average number of personnel was 13 and 17, respectively.

20. Provisions

In the years ended March 31, 2020 and 2019, movements occurred in caption "Provisions" were as follows:

(EUR)

	Year ended March 31, 2020	Year ended March 31, 2019
Increase	-	-
Decrease	-	377
	-	377

Notes forming part of the Financial Statements

21. Other Operating Income

The composition of the caption “Other operating income” for the years ended March 31, 2020 and 2019, was as follows:

(EUR)

	Year ended March 31, 2020	Year ended March 31, 2019
Foreign exchange rate gains	14,703	41,989
Others	4,008	1,091
	18.711	43.080

22. Other Operating Expenses

The composition of caption “Other operating expenses” for the years ended March 31, 2020 and 2019, was as follows:

(EUR)

	Year ended March 31, 2020	Year ended March 31, 2019
Foreign exchange rate gains	11,556	13,963
Others	1,208	3
	12,764	13,966

23. Subsequent Events

After the balance sheet date, the country and the world are enduring COVID 19, a pandemic:

1. Relevant dates of the Pandemic - Declaration by the World Health Organization (3/11/2020) and Declaration of the state of Emergency in Portugal (3/18/2020);
2. To continue the business operations of the company, we addressed this situation, with priority being given to safeguard the health and wellbeing of our employees, while continuing to support its customers' mission critical activities through establishing telework known as Secure Borderless Workspaces(SBWS)
3. At this point of time it is not feasible to conclusively assess the future impact on the level of operations or the profitability;

The measures taken are considered the best possible measures under the present circumstances and with the information currently available and under the uncertainty associated with future developments that will depend on the effects of the pandemic on the economy. Despite the COVID-19 pandemic, the company's going concern assumption, used in the preparation of these financial statements, remains appropriate.

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;
- analyse the recoverability of receivables on a regular basis.

Notes forming part of the Financial Statements

Impairment losses for accounts receivable are calculated considering:

- analysis of aged accounts receivable;
- client risk's profile;
- clients' financial conditions.

As of March 31, 2020, Management is convinced 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 March 31, 2020

Together with the

Independent Auditor's Report

(Company Registration number : 1010435987)

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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Independent Auditor's Report

To the Shareholders of Tata Consultancy Services Saudi Arabia Company

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 31 March 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, being the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Tata Consultancy Services Saudi Arabia ("the Company")**.

For KPMG Al Fozan & Partners

Certified Public Accountants

Fahad Mubarak Al Dossari

License No: 469

Riyadh on 8-Shawwal-1441H

Corresponding to: 31st May 2020

Statement of Financial Position

(Amount in SR)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	6 (a)	79,293,352	43,977,340
Trade receivables	6 (b)	35,679,377	47,412,200
Unbilled receivables		10,752,234	7,379,536
Other financial assets	6 (c)	563,091	315,332
Other current assets	8 (c)	6,520,094	9,781,517
Total current assets		132,808,148	108,865,925
Non-current assets			
Property, plant and equipment	8 (a)	1,162,558	3,889,996
Right-of-use assets	7	10,935,875	-
Other intangible assets	8 (b)	67,898	-
Deferred tax assets (net)	12	3,228,736	2,633,496
Other non-current assets	8 (d)	799,937	29,248
Total non-current assets		16,195,004	6,552,740
TOTAL ASSETS		149,003,152	115,418,665
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade and other payables	6 (d)	4,942,658	6,141,433
Lease liabilities		2,598,127	984,069
Other current financial liabilities	6 (e)	20,792	40,150
Unearned and deferred revenue		332,397	197,798
Employee benefit obligations	13	4,781,846	4,096,122
Income tax payable (net)	12	618,428	3,516,358
Other current liabilities	8 (e)	468,023	699,103
Total current liabilities		13,762,271	15,675,033
Non-current liabilities			
Lease liabilities		5,525,448	802,302
Employee benefit obligations	13	5,208,848	4,296,780
Total non-current liabilities		10,734,296	5,099,082
TOTAL LIABILITIES		24,496,567	20,774,115
Equity			
Share capital	6 (i)	3,750,000	3,750,000
Retained earnings		118,881,585	89,019,550
Statutory reserve		1,875,000	1,875,000
Total Equity		124,506,585	94,644,550
TOTAL LIABILITIES AND EQUITY		149,003,152	115,418,665

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Statement of Profit or Loss and Other Comprehensive Income

(Amount in SR)

	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from information technology services	9	190,802,701	203,332,161
Operating expenses			
Employee cost	13	114,886,657	115,876,863
Other operating expenses	10	33,912,742	37,229,693
Depreciation	7, 8 (a) & 8 (b)	4,083,811	2,407,224
Total operating expenses		152,883,210	155,513,780
Operating profit		37,919,491	47,818,381
Other income / (expenses)			
Other non-operating loss, net	11 (c)	(43,382)	(121,980)
Finance costs	11 (b)	(296,785)	(242,501)
Interest income	11 (a)	425,396	36,597
Other income / (expenses), net		85,229	(327,884)
PROFIT BEFORE TAXES		38,004,720	47,490,497
Income tax expense	12	7,613,721	9,512,194
PROFIT FOR THE YEAR		30,390,999	37,978,303
OTHER COMPREHENSIVE INCOME / (LOSSES), NET OF TAXES			
Items that will not be reclassified subsequently to profit or loss			
Loss on remeasurement of defined employee benefit plans		(239,651)	(96,907)
TOTAL OTHER COMPREHENSIVE LOSSES, NET OF TAXES		(239,651)	(96,907)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		30,151,348	37,881,396

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Statement of Changes in Equity

(Amount in SR)

	Share capital	Retained earnings	Statutory reserves	Total equity
Balance as at April 1, 2018	3,750,000	54,888,224	1,875,000	60,513,224
Profit for the year	-	37,978,303	-	37,978,303
Other comprehensive loss for the year	-	[96,907]	-	[96,907]
Total comprehensive income	-	37,881,396	-	37,881,396
Dividend paid during the year	-	[3,750,000]	-	[3,750,000]
Balance as at March 31, 2019	3,750,000	89,019,620	1,875,000	94,644,620
Profit for the year	-	30,390,999	-	30,390,999
Other comprehensive loss for the year	-	[239,651]	-	[239,651]
Total comprehensive income	-	30,151,348	-	30,151,348
IFRS 16 Impact	-	[289,383]	-	[289,383]
Balance as at March 31, 2020	3,750,000	118,881,585	1,875,000	124,506,585

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Statements of Cash Flows

[Amount in SR]

	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		30,390,999	37,978,303
Adjustment to reconcile profit or loss to net cash provided by operating activities:			
Depreciation	7, 8 (a) & 8 (b)	4,083,811	2,407,224
Income tax expense	12	7,613,721	9,512,194
Finance cost	11 (b)	296,785	242,501
Investment income	11 (a)	(425,396)	(36,597)
Provision for doubtful debts (net)	6 (b)	109,057	106,237
Net change in working capital			
Trade receivables		11,623,766	10,976,137
Other financial assets		(247,759)	21,745
Unbilled receivables		(3,372,698)	(7,241,915)
Other assets		1,369,048	(582,575)
Trade and other payables		(1,198,775)	21,770,392)
Unearned and deferred revenue		134,599	164,611
Employee benefit obligations		1,298,230	1,533,310
Other current liabilities		(231,080)	(280,019)
Other current financial liabilities		(19,358)	40,150
Cash generated from operating activities		51,424,950	33,070,914
Taxes paid	20	11,046,979)	(9,334,238)
Net cash generated from operating activities		40,377,971	23,736,676
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (includes CWIP)		(150,332)	(107,126)
Purchase of intangible assets		(84,807)	-
Interest received on fixed deposits - short term		425,396	36,597
Net cash used in investing activities		190,257	(70,529)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(43,563)	(32,701)
Repayment of lease liabilities		(4,955,431)	(1,104,160)
Interest payment of lease liabilities		(253,222)	-
Payment of dividend during the year		-	(3,750,000)
Net cash used in financing activities		(5,252,216)	(4,886,861)
Net change in cash and cash equivalents		35,316,012	18,779,286
Cash and cash equivalents, beginning of the year		43,977,340	25,198,054
Cash and cash equivalents, end of the year	6 (a)	79,293,352	43,977,340

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Notes forming part of the Financial Statements

1. Corporate Information

Tata Consultancy Services Saudi Arabia Company ("TheCompany") is a Foreign limited liability Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 1010435987 dated 14 Shawwal 1436H (Corresponding to July 30, 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 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 8-Shawwal-1441H (Corresponding to 31st May 2020)

2. Statement of Compliance

These financial statements have been prepared in accordance with 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 (SOCPA).

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented except for IFRS 16 "Leases" which have been applied for the first time (Note 7).

3. Basis of Preparation

These financial statements have been prepared on historical cost basis using the going concern concept except for certain financial instrument 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. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customer and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The Statement of cashflows have been prepared under indirect method.

The financial statements are presented in Saudi Arabian Riyals, which is the functional and presentation currency of the Company.

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 date of statement of financial position. 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.

4. 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 recognised in the year 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, provisions and contingent liabilities and has been discussed below. Key

Notes forming part of the Financial Statements

source of estimation of uncertainty in respect of revenue recognition, employee benefits and fair value measurement of financial instruments have been discussed in their respective policies.

The company uses the following critical accounting estimates in preparation of its financial statements:

a) Revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. The Company has applied the practical expedient, whereby the Company does not adjust the transaction price for the effects of the time value of money where the period between when the control on goods and services transferred to the customer and when payment thereof is due, is one year or less. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts are recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b) 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 affect depreciation expense in future periods. The carrying amount of property, plant and equipment as on March 31, 2020 was SAR 1,162,558 (March 31, 2019 was SAR 3,889,996)

c) 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.

d) Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

e) 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. Contingent asset is neither recognised nor disclosed in the financial statements.

Notes forming part of the Financial Statements

f) Employee benefits

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each statement of financial position date.

g) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5. Recent Changes to Accounting Standards

Amendments to IFRS Standards	References to Conceptual Framework ¹
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate Benchmark Reform ¹
Amendments to IAS 1	Classification of Liabilities ²

¹Effective for annual periods beginning on or after January 1, 2020.

²Effective for annual periods beginning on or after January 1, 2022.

IFRS Standards – References to Conceptual Framework

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Amendments primarily either update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised Framework, for periods starting from January 1, 2020. The Company does not expect that the amendment to have any impact on its financial statements.

IAS 1 and IAS 8 – Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

- **Obscuring:** The existing definition only focused on omitting or misstating information, however, IASB concluded that obscuring material information with information that can be omitted can have a similar effect.
- **Could reasonably be expected to influence:** The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- **Primary users:** The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Company does not expect that the amendment to have any impact on its evaluation of 'material' in relation to its financial statements.

Notes forming part of the Financial Statements

IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

In September 2019, IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). The IASB felt that some hedge accounting requirements in IFRS 9 may be affected by uncertainties arising from the impact of the ongoing reform of some major interest rate benchmarks whereby efforts are being made to replace existing benchmarks with alternative, nearly risk free rates. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors. Therefore, IASB has amended specific hedge accounting requirements to provide exceptions during this period of uncertainty. The amendment primarily states that when determining whether a forecast transaction is highly probable, a company shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform. The Company does not expect the amendment to have any significant impact because the Company hedges currency fluctuation risk and contractual cash flows of hedged items and hedging instruments do not vary significantly with changes in interest rate benchmarks.

IAS 1 – Classification of Liabilities

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

6. Financial Assets, Financial Liabilities and Equity 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.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Cash and cash equivalents

Tata Consultancy Services Saudi Arabia 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.

Trade receivables

Trade recoverable without a significant financing component is initially measured at transaction price.

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.

Notes forming part of the Financial Statements

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 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 a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

Impairment of financial assets (other than at fair value)

The Company assesses at each date of statement 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 recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. 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.

Derecognition

(a) Financial asset

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

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

(b) Financial liability

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

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

Offsetting

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

Notes forming part of the Financial Statements

(a) Cash and cash equivalents

(Amount in SR)

	As at March 31, 2020	As at March 31, 2019
Balance with bank - current account	29,293,352	43,977,340
Deposits with banks	50,000,000	-
Total	79,293,352	43,977,340

(b) Trade Receivables

(Amount in SR)

	As at March 31, 2020	As at March 31, 2019
Trade receivables*	35,894,671	47,518,437
Less: Allowance for doubtful trade receivables	(215,294)	(106,237)
Total	35,679,377	47,412,200

* Trade receivables include balance with related party (refer note number - 14)

Movement in the allowance for doubtful trade receivables is given below:

(Amount in SR)

	As at March 31, 2020	As at March 31, 2019
Opening balance	106,237	-
Add: Charge to profit and loss	109,057	3,502,615
Less: Provision written back	-	(3,396,378)
Closing balance	215,294	106,237

(c) Other financial assets

Other financial asset consist of the following:

(Amount in SR)

	As at March 31, 2020	As at March 31, 2019
Other current financial assets		
Premises security deposit	180,720	180,720
Employee advances	120,288	130,543
Accrued interest	242,083	-
Others	20,000	4,069
Total	563,091	315,332

(d) Trade and other payables

(Amount in SR)

	As at March 31, 2020	As at March 31, 2019
Trade payables*	1,251,852	4,553,622
Accrued expenses	3,690,806	1,587,811
Total	4,942,658	6,141,433

* Trade payables include balance with related party (refer note number - 14)

Notes forming part of the Financial Statements

(e) Other financial liabilities - current

(Amount in SR)

	As at March 31, 2020	As at March 31, 2019
Capital creditors	-	40,150
Security deposits	20,792	-
Total	20,792	40,150

(f) Financial instruments by category

The carrying value of financial instruments by categories as of March 31, 2020 is as follows:

(Amount in SR)

	Amortized cost	Total carrying value
Financial assets		
Cash and cash equivalents	79,293,352	79,293,352
Trade receivables	35,679,377	35,679,377
Unbilled receivables	10,752,234	10,752,234
Other financial assets	563,091	563,091
	126,288,054	126,288,054
Financial liabilities		
Trade and other payables	4,942,658	4,942,658
Lease liabilities	8,123,575	8,123,575
Other financial liabilities	20,792	20,792
	13,087,025	13,087,025

The carrying value of financial instruments by categories as of March 31, 2019 is as follows:

(Amount in SR)

	Amortized cost	Total carrying value
Financial assets		
Cash and cash equivalents	43,977,340	43,977,340
Trade receivables	47,412,200	47,412,200
Unbilled receivables	7,379,536	7,379,536
Other financial assets	315,332	315,332
	99,084,408	99,084,408
Financial liabilities		
Trade and other payables	6,141,433	6,141,433
Lease liabilities	1,786,371	1,786,371
Other financial liabilities	40,150	40,150
	7,967,954	7,967,954

The fair values of financial assets and financial liabilities as at March 31, 2020 and March 31, 2019 approximate the carrying amounts.

Notes forming part of the Financial Statements

(g) Fair value hierarchy

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

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

(h) 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.

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 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. 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 risk primarily relate to fluctuation of USD Dollar against the functional currency of the Company.

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 respective functional currencies of Company.

The following analysis has been worked out based on the net exposures of the Company. The Company as at the date of statement of financial position which could affect the statement of profit or loss and other comprehensive income and equity.

The following table sets forth information relating to foreign currency exposure as at March 31, 2020:

	USD (equivalent SR)
Net financial assets	20,713,374
Net financial liabilities	1,652,436

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services Saudi Arabia Company would result in decrease / increase in the Company's profit before taxes by approximately SAR 1,906,094 for the period ended March 31, 2020.

The following table sets forth information relating to foreign currency exposure as at March 31, 2019:

	USD (equivalent SR)
Net financial assets	35,349,985
Net financial liabilities	3,651,284

Notes forming part of the Financial Statements

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services Saudi Arabia Company would result in decrease / increase in the Company's profit before taxes by approximately SAR 3,169,870 for the period ended March 31, 2019.

- **Interest rate risk**

The Company is not exposed to interest rate risk.

Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms 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 receivables, cash and cash equivalents, and other financial assets.

- **Exposure to credit risk**

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was SAR 127,413,262 and SAR 100,099,540 as of March 31, 2020 and March 31, 2019, respectively being the total of the carrying amount of balance with bank, trade receivable, unbilled receivable and other financial assets. Balance with bank is placed with a bank with high credit ratings. As of March 31, 2020, there were no indications that any defaults will occur on trade receivable, unbilled receivables, contract assets or other financial assets.

Tata Consultancy Saudi Arabia Company's exposure to customers is diversified and single customer contributes to more than 10% of outstanding trade receivables, unbilled receivables and contract assets as at March 31, 2020 and 2019.

(Amount in SR)

	As at March 31, 2020		As at March 31, 2019	
	Amounts	Percentage	Amounts	Percentage
Customer A	16,021,486	34%	19,914,769	36%
Customer B	13,822,601	29%	15,355,523	28%
Customer C	10,561,241	22%	8,862,760	16%
Customer D	-	-	5,902,940	11%

- **Geographic concentration of credit risk**

The Company has a geographic concentration of trade receivables, net of allowances, unbilled receivables and contract assets is as given below:

	As at March 31, 2020	As at March 31, 2019
Saudi Arabia	75%	95%
America	25%	0%
Others	0%	5%

Geographical concentration of trade receivables, unbilled receivables and contract assets is allocated based on the location of the customers.

Notes forming part of the Financial Statements

The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers. The expected credit loss allowance is based on the ageing of the days the receivables are due and are as follows:

(Amount in SR)

March 31, 2020	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
No Due	0.01%	16,583,128	(2,263)	No
Jan-90	0.04%	14,356,036	(5,974)	No
91-180	0.12%	854,765	(1,052)	No
181-272	0.37%	1,080,453	(4,019)	No
273-364	1.14%	37,264	(426)	No
365-455	14.29%	-	-	No
456-546	0.00%	-	-	No
547-638	2.04%	-	-	No
639-730	14.29%	-	-	No
>730	100.00%	-	-	Yes

*Gross carrying amount excludes inter-company receivables

The above table provides the loss allowance calculated as per ECL and Management is expected to make at the minimum this amount as provision of bad and doubtful debts against trade receivables. However in this case management has made higher provisions as bad and doubtful debts against trade receivables based on their prudent judgment to cover higher risk.

Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

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

March 31, 2020

Financial liabilities

Trade and other payables

Lease liabilities

Other financial liabilities

Total

Due in 1st year	Due in 2nd to 5th year	Total
4,942,658	-	4,942,658
2,873,527	5,935,012	8,808,539
20,792	-	20,792
7,836,977	5,935,012	13,771,989

March 31, 2019

Financial liabilities

Trade and other payables

Lease liabilities

Other financial liabilities

Total

Due in 1st year	Due in 2nd to 5th year	Total
6,141,433	-	6,141,433
984,069	802,302	1,786,371
40,150	-	40,150
7,165,652	802,302	7,967,954

Notes forming part of the Financial Statements

Other risk – Impact of COVID-19

Financial assets of SAR 79,293,352 carried at amortised cost is in the form of cash and cash equivalents and bank deposits where the Company has assessed the counterparty credit risk. Trade receivables of SAR 35,679,377 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to customers in Retail, Travel, Transportation and Hospitality, Manufacturing and Energy verticals which could have an immediate impact and the rest which could have an impact with a lag. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables and contract assets while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables of SAR 215,294 considered adequate.

(i) Equity instruments

The authorised, issued, subscribed and fully paid up share capital consist of the following:

(Amount in SR)

Authorised, issued, subscribe and paid up Share capital

Share Capital at @SR 3,750 (1,000 shares)

As at March 31, 2020	As at March 31, 2019
3,750,000	3,750,000
3,750,000	3,750,000

Share holding	Percentage	No of Share	Amount per Share	Total
Tata Consultancy 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 is SAR 3,750,000 divided into 1000 Share @ 3,750 carry one vote per share and have right to dividend.

Statutory reserve

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 share holding.

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.

7. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Notes forming part of the Financial Statements

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Transition to IFRS 16

In January 2016, International Accounting Standards Board issued the final version of IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. IFRS 16 has replaced IAS 17 Leases, and its related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted IFRS 16, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Refer note 2 - Significant accounting policies – Leases in the financial statements of the Company for the year ended March 31, 2019, for the policy as per IAS 17.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of IFRS 16 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying IFRS 16 to leases previously classified as operating leases under IAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying IAS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Notes forming part of the Financial Statements

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of SAR 5,109,049 and lease liability of SAR 4,094,585 has been recognised. The cumulative effect on transition in retained earnings is SAR 289,383. The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per IAS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 4.249% has been applied to lease liabilities recognised in the statement of financial position at the date of initial application.

On application of IFRS 16, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of IFRS 16 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

Finance lease

The Company has leases that were classified as finance leases applying IAS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of IFRS 16 is the carrying amount of the lease asset and lease liability on the transition date as measured applying IAS 17. Accordingly, an amount of SAR 1,968,463 has been reclassified from property, plant and equipment to right-of-use assets. An amount of SAR 984,069 has been reclassified from borrowings – current to lease liabilities – current and an amount of SAR 802,302 has been reclassified from borrowings – non-current to lease liabilities – non-current.

The details of the right-of-use asset held by the Company is as follows:

(Amount in SR)

	Additions for the year ended March 31, 2020	Net carrying amount as at March 31, 2020
Leasehold building	8,984,421	10,000,807
Leasehold improvements	-	491,638
Furniture and fixtures	-	199,430
Office equipment	-	244,000
Total	8,984,421	10,935,875

Depreciation on right-of-use asset is as follows:

(Amount in SR)

	Year ended March 31, 2020
Leasehold building	2,124,199
Leasehold improvements	589,966
Furniture and fixtures	199,430
Office equipment	244,000
Total	3,157,595

Interest on lease liabilities is SAR 253,222 for the year ended on March 31, 2020.

The Company incurred SAR 7,508,244 for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is SAR 12,716,897 for the year ended March 31, 2020, including cash outflow for short-term leases and leases of low-value assets.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract

Notes forming part of the Financial Statements

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

8. Non-Financial Assets and Liabilities

a. Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property 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 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

Depreciation is not recorded on capital work in progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

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 profit or loss.

Notes forming part of the Financial Statements

Property, Plant and equipment consist of the following:

(Amount in SR)

Plant and machinery	Leasehold improvements	Computer equipment	Furniture and fixtures	Office equipment	Electrical installations	Total
Cost as at April 1, 2019						
120,000	2,851,500	4,565,016	1,013,100	2,329,121	1,110,319	11,989,056
Additions	-	119,111	-	35,700	-	154,811
Transition impact of IFRS 16 (Refer Note 7)	-	-	(997,150)	(1,220,000)	-	(5,068,650)
Cost as at March 31, 2020						
120,000	-	4,684,127	15,950	1,144,821	1,110,319	7,075,217

Accumulated depreciation as at April 1, 2019

Depreciation for the year

Transition impact of IFRS 16 (Refer note 7)

Accumulated depreciation as at March 31, 2020

Net carrying amount as at March 31, 2020

Capital work-in-progress

Total

36,000	1,769,897	3,933,921	601,480	1,514,993	282,919	8,139,210
12,000	-	567,256	3,190	210,447	116,414	909,307
-	(1,769,897)	-	(598,290)	(732,000)	-	(3,100,187)
48,000	-	4,501,177	6,380	993,440	399,333	5,948,330
72,000	-	182,950	9,570	151,381	710,986	1,126,887
						35,671
						1,162,558

Cost as at April 1, 2018

Additions

Cost as at March 31, 2019

Plant and machinery	Leasehold improvements	Computer equipment	Furniture and fixtures	Office equipment	Electrical installations	Total
120,000	2,851,500	4,518,598	997,150	2,320,363	1,110,319	11,917,930
-	-	46,418	15,950	8,758	-	71,126
120,000	2,851,500	4,565,016	1,013,100	2,329,121	1,110,319	11,989,056

Accumulated depreciation as at April 1, 2018

Depreciation for the year

Accumulated depreciation as at March 31, 2019

Net carrying amount as at March 31, 2019

Capital work-in-progress

Total

24,000	1,179,931	2,956,375	398,860	1,006,315	166,505	5,731,986
12,000	589,966	977,546	202,620	508,678	116,414	2,407,224
36,000	1,769,897	3,933,921	601,480	1,514,993	282,919	8,139,210
84,000	1,081,603	631,095	411,620	814,128	827,400	3,849,846
						40,150
						3,889,996

Notes forming part of the Financial Statements

b. Other intangible assets

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.

Intangible assets consist of rights under licensing agreement and software licences and customer-related intangibles.

Following table summarises the nature of intangibles and their estimated useful lives:

Type of asset	Useful lives
Rights under licensing agreement and software licences	Lower of licence period and 2-5 years
Customer-related intangibles	3 years

Intangible assets are amortised on a straight line basis over the period of its economic useful life.

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 profit or loss.

Intangible assets consist of the following:

(Amount in SR)

	Software licences	Others	Total
Cost as at April 1, 2019	-	-	-
Additions	74,963	9,844	84,807
Cost as at March 31, 2020	74,963	9,844	84,807
Accumulated amortisation as on April 1, 2019	-	-	-
Amortisation for the year	16,909	-	16,909
Accumulated amortisation as on March 31, 2020	16,909	-	16,909
Net carrying amount as at March 31, 2020	58,054	9,844	67,898

c. Other current assets

(Amount in SR)

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	4,945,850	2,068,678
Advance to suppliers	251,808	172,600
Prepaid rent	8,218	6,525,107
Contract assets (refer note number 9)	1,125,208	1,015,132
VAT receivable	187,578	-
Other current assets - others	1,432	-
Total	6,520,094	9,781,517

d. Other non-current assets

(Amount in SR)

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	799,937	29,248
Total	799,937	29,248

Notes forming part of the Financial Statements

e. Other current liabilities

(Amount in SR)

	As at March 31, 2020	As at March 31, 2019
Indirect tax payable and other statutory liabilities	468,023	699,103
Total	468,023	699,103

9. Revenue Recognition

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting- led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Transaction price attributed in case of contracts with subsidiary is arrived at on the basis of arm's length price. Revenue also excludes taxes collected from customers.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Notes forming part of the Financial Statements

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals and geography.

Revenue disaggregation by nature of services is as follows:

[Amount in SR]

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from consultancy services	190,802,701	203,332,161
Total	190,802,701	203,332,161

Revenue disaggregation by industry vertical is as follows:

[Amount in SR]

	Year ended March 31, 2020	Year ended March 31, 2019
Manufacturing	81,564,398	102,721,919
Energy utilities	71,787,154	71,708,282
Banking , financial and insurance	31,305,838	18,674,076
Retail and consumer products	1,174,409	3,522,299
Communication, media and technology	30,984	111,327
Others	4,939,918	6,594,258
Total	190,802,701	203,332,161

Revenue disaggregation by geography is as follows:

[Amount in SR]

	Year ended March 31, 2020	Year ended March 31, 2019
Middle East	178,671,947	202,431,894
America	12,130,754	707,457
Europe	-	192,810
Total	190,802,701	203,332,161

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has applied practical expedient of not disclosing the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revaluations of the estimates, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is SAR 178,755,648 out of which 93.73% is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Movement in contract asset is given below:

[Amount in SR]

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	1,015,132	137,621
Add: Revenue recognised during the year	7,865,691	928,616
Less: Invoices raised during the year	(7,758,495)	(51,105)
Add/Less: Translation exchange difference	2,880	-
Balance at the end of the year	1,125,208	1,015,132

Notes forming part of the Financial Statements

Movement in contract liabilities is given below:

(Amount in SR)

Balance at the beginning of the year
 Less: Revenue recognised during the year
 Add: Invoices raised during the year
 Add/Less: Translation exchange difference
Balance at the end of the year

Year ended March 31, 2020	Year ended March 31, 2019
197,798	33,187
(197,798)	(7,791)
332,378	172,565
19	(163)
332,397	197,798

Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from:

- the inability of our customers to continue their businesses due to financial resource constraints or their services no longer being availed by their customers
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers not in a position to accept alternate delivery modes using Secured Borderless WorkSpaces
- customers postponing their discretionary spend due to change in priorities

The Company has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meeting its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage-completion-basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

10. 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.

Notes forming part of the Financial Statements

(Amount in SR)

	Year ended March 31, 2020	Year ended March 31, 2019
Project expense	17,187	64,050
Facility expenses	10,764,069	15,290,706
Travel expenses	5,022,381	3,512,132
Communication	1,927,601	2,049,765
Fees to external consultants	15,024,145	16,859,216
Bad debts and advances written off, allowance for doubtful trade receivable and advances (net)	109,057	106,237
Other expenses	1,048,302	(652,413)
Total	33,912,742	37,229,693

Expenses by function

(Amount in SR)

	Year ended March 31, 2020	Year ended March 31, 2019
Cost of revenue	114,642,200	118,857,691
Selling, general and administrative expenses	38,241,010	36,656,089
Total	152,883,210	155,513,780

11. Other Income / (Expenses)

a. Finance and other income

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

(Amount in SR)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest income - bank deposits	425,396	36,597
Total	425,396	36,597

b. Finance costs

(Amount in SR)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on lease liabilities	253,222	209,800
Other interest expense	43,563	32,701
Total	296,785	242,501

c. Other gains (net)

(Amount in SR)

	Year ended March 31, 2020	Year ended March 31, 2019
Net foreign exchange loss	43,382	121,980
Total	43,382	121,980

Notes forming part of the Financial Statements

12. Income Taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

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 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

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.

The income tax expense consists of the following:

(Amount in SR)

Current tax

Current tax expense
Deferred tax expense

Total

Year ended March 31, 2020	Year ended March 31, 2019
8,149,049	10,044,566
(535,328)	(532,372)
7,613,721	9,512,194

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:

(Amount in SR)

Income before income taxes
Income tax rate
Expected income tax expense

Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:

Prior period current tax
Prior period deferred tax
Tax effect due to permanent difference

Total income tax expense

Year ended March 31, 2020	Year ended March 31, 2019
38,004,720	47,490,497
20%	20%
7,600,944	9,498,099
-	3,744
-	(2,153)
12,777	12,504
7,613,721	9,512,194

Notes forming part of the Financial Statements

(Amount in SR)

Income tax movement

	Year ended March 31, 2020	Year ended March 31, 2019
Opening tax liability	3,516,358	2,806,030
Provision for current tax charged to profit and loss	8,149,049	10,040,822
Tax pertaining to last year	-	3,744
Tax paid	11,046,979	(9,334,238)
Net income tax liability	618,428	3,516,358

1. The Company has filed its income tax declaration for and upto the year ended March 31, 2019 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 20 after the tax return for FY 19, which had been issued by the GAZT in Jul 19 valid till July 31, 2020.
3. There is no inspection from GAZT so far.

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2020 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	933,668	239,881	-	1,173,549
Provision for employee benefits	1,678,581	259,646	59,912	1,998,139
Provision for doubtful debts	21,247	21,811	-	43,058
Leases	-	13,990	-	13,990
Net deferred tax assets /(liabilities)	2,633,496	535,328	59,912	3,228,736

(Amount in SR)

Gross deferred tax assets and liabilities are as follows:

Deferred tax assets / (liabilities) in relation to:

	Assets	Liabilities	Net
Property, plant and equipment and intangibles	1,173,549	-	1,173,549
Provision for employee benefits	1,998,139	-	1,998,139
Provision for doubtful debts	43,058	-	43,058
Leases	13,990	-	13,990
Net deferred tax assets /(liabilities)	3,228,736	-	3,228,736

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(Amount in SR)

	Opening balance	Recognised /re- versed through profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax assets / (liabilities) in relation to:				
Property, plant and equipment and intangibles	729,205	204,463	-	933,668
Provision for employee benefits	1,347,692	306,662	24,227	1,678,581
Provision for doubtful debts	-	21,247	-	21,247
Net deferred tax assets /(liabilities)	2,076,897	532,372	24,227	2,633,496

Notes forming part of the Financial Statements

(Amount in SR)

Gross deferred tax assets and liabilities are as follows:

Deferred tax assets / (relations) in relation to:

Property, plant and equipment and intangibles

Provision for employee benefits

Provision for doubtful debts

Net deferred tax assets /(liabilities)

Assets	Liabilities	Net
933,669	-	933,669
1,678,580	-	1,678,580
21,247	-	21,247
2,633,496	-	2,633,496

IFRIC 23 Interpretation uncertainty over income tax treatment

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

Application of IFRIC 23

The Company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no instances of any uncertain tax treatment in the past and on that basis it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

13. 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 actuarially determined liability at the present value of the obligation at the year end.

(Amount in SR)

Employee cost consist of the following:

Contributions to provident and other funds

Salaries & bonus

Staff welfare

Total

As at March 31, 2020	As at March 31, 2019
9,375,396	9,360,361
99,325,860	100,085,641
6,185,401	6,430,861
114,886,657	115,876,863

(Amount in SR)

Employee benefit obligation consist of the following

Employee benefit obligations - current

Compensated absences

Gratuity liability

Total

As at March 31, 2020	As at March 31, 2019
3,889,331	3,662,431
892,515	433,691
4,781,846	4,096,122

Notes forming part of the Financial Statements

(Amount in SR)

Employee benefit obligations - Non-current

Gratuity liability

Total

As at March 31, 2020	As at March 31, 2019
5,208,848	4,296,780
5,208,848	4,296,780

Defined benefit plans

Gratuity

In accordance with Saudi Labour Law, The company operate a scheme of 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 of employment at an amount equivalent to:-

For service more than 2 years and less than 5 years - 1/3 of retirement benefits

For service more than 5 years and less than 10 years - 2/3 of retirement benefits

For service more than 10 years - Full retirement benefits

There is a vesting period of 2 years for the payment of end of services benefit.

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

(Amount in SR)

Discount rate

Salary escalation rate

Attrition rate

The following table provides a reconciliation from the opening balances to closing balances for defined benefit liability

Benefit obligations, beginning of the year

Included in profit and loss statement

- Service cost

- Interest cost

Included in other comprehensive income

- Remeasurement of the net defined benefit liability

Benefits paid

Total

Year ended March 31, 2020	Year ended March 31, 2019
2.00%	4.00%
4%	6%
22.70%	19.00%
4,730,471	2,890,726
2,286,401	2,328,951
189,219	65,041
299,562	121,134
1,404,290	(675,381)
6,101,363	4,730,471

(Amount in SR)

Sensitivity Analysis

Effect of "+0.50" change in rate of discounting

Effect of "-0.50" change in rate of discounting

Effect of "+0.50" change in salary escalation

Effect of "-0.50" change in salary escalation

March 31, 2020	March 31, 2019
(136,575)	(142,443)
143,437	151,083
140,124	147,431
(134,831)	(140,470)

Notes forming part of the Financial Statements

14. 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, 2020

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)	Total
Revenue from sale of services and licenses	5,145,245	-	-	5,145,245
Purchases of goods and services	29,824,531	-	-	29,824,531
Total	34,969,776	-	-	34,969,776

For the year ended March 31, 2019

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)	Total
Revenue from sale of services and licenses	4,229,755	-	192,811	4,422,566
Purchases of goods and services	33,230,836	-	-	33,230,836
Dividend paid	-	2,850,000	-	2,850,000
Total	37,460,591	2,850,000	192,811	40,503,402

Balances with related parties

As at March 31, 2020

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)	Total
Trade receivables	2,719,162	-	-	2,719,162
Trade payables	2,309,651	-	-	2,309,651
Total	5,028,813	-	-	5,028,813

Notes forming part of the Financial Statements

As at March 31, 2019

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)	Total
Trade receivables	5,902,940	-	-	5,902,940
Trade payables	4,552,443	-	-	4,552,443
Unearned and deferred revenue	1,187	-	-	1,187
Unbilled receivables	1,533,785	-	-	1,533,785
Total	11,990,355	-	-	11,990,355

15. Comparative Information

The corresponding figures presented for the year ended 31 March 2019 have been reclassified where necessary to preserve consistency with the year ended 31 March 2020 figures. However, such reclassifications did not have any effect on the comprehensive income or the total equity for the year ended 31 March 2020.

TCS Business Services GmbH

FINANCIAL STATEMENTS

**For the year ended
March 31, 2020**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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Notes forming part of the financial statements	39.7

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors,
TCS Business Services GmbH**

Report on the special purpose Ind AS Financial Statements

Opinion

We have audited the accompanying Special purpose Ind AS financial statements of TCS Business Services GmbH ('the Company) for the 3 months period from 1st January 2020 to 31st March 2020, which comprises the Balance Sheet as at 31st March 2020, the Statement of Changes in Equity and the Statement of Cash Flows for a period of 3 months ended on 31st March 2020 (i.e. 1st January 2020 to 31st March 2020), and the 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 statements have been prepared by the management as described in Note 2(a) to the Special Purpose Ind AS financial statements.

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 Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, Changes in Equity and its Cash Flows for the period of 3 months ended on 31st March 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Special purpose Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special purpose Ind AS financial statements under the provisions of the Act and the Rules there under, and fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Special purpose Ind AS financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these Special purpose Ind AS financial statements that give a true and fair view of the state of affairs, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Special purpose Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special purpose Ind AS 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 high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special purpose Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements (To the extent applicable to a Company incorporated outside India)

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 Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statement comply with the Ind AS specified under Section 133 of the Act.

Restriction on Distribution and Use

This Special purpose Ind AS 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, 2020 in accordance with Accounting Standard specified in section 133 of the Companies Act 2013. 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 this Special purpose Ind AS 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)

Date: May 13, 2020
MPlace: Mumbai

Balance Sheet

(Amount in EUR)

ASSETS

Current assets

(a) Financial assets

(i) Investments

Note

**As at
March 31, 2020**

5(a)

25,000

Total current assets

25,000

TOTAL ASSETS

25,000

EQUITY AND LIABILITIES

Equity

(a) Financial assets

5(c)

25,000

Total Equity

25,000

TOTAL EQUITY AND LIABILITIES

25,000

NOTES FORMING PART OF FINANCIAL STATEMENTS

1-6

As per our report of even date attached

For and on behalf of the Board of Directors
of **TCS Business Services GmbH**

For **KBJ & Associates**

Chartered Accountants

Firm registration no.114934W

Sapthagiri Karkaria
Director

Kaushik B. Joshi

Proprietor

Membership number : 48889

Mumbai, May 13, 2020

Pradeep Gaitonde
Director

Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(Amount in EUR)

Balance as at January 1, 2020	Change in Equity share capital during the period	Balance as at March 31, 2020
12,500	12,500	12,500

As per our report of even date attached

For **KBJ & Associates**

Chartered Accountants
Firm registration no.114934W

Kaushik B. Joshi

Proprietor
Membership number : 48889
Mumbai, May 13, 2020

For and on behalf of the Board of Directors
of **TCS Business Services GmbH**

Sapthagiri Karkaria
Director

Pradeep Gaitonde
Director

Statement of Cash flows

(Amount in EUR)

	For the period 1 January, 2020 to 31 March, 2020
I CASH FLOWS FROM OPERATING ACTIVITIES	
Profit/(Loss) before tax	-
Operating Profit/(Loss) before working capital changes	-
Cash used from operations	-
Taxes paid (net of refund)	-
Net cash used in operating activities	-
II CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash used in investing activities	-
III CASH FLOWS FROM FINANCING ACTIVITIES	
Issue of equity shares	12,500
Net cash generated from financing activities	12,500
Net change in cash and cash equivalents	12,500
Cash and cash equivalents at the beginning of the period	12,500
Exchange difference on translation of foreign currency cash and cash equivalents	-
Cash and cash equivalents as at the end of the period (Refer Note 5(a))	25,000
NOTES FORMING PART OF FINANCIAL STATEMENTS	1-6

As per our report of even date attached

For **KBJ & Associates**

*Chartered Accountants
Firm registration no.114934W*

Kaushik B. Joshi

Proprietor
Membership number : 48889
Mumbai, May 13, 2020

For and on behalf of the Board of Directors
of **TCS Business Services GmbH**

Sapthagiri Karkaria
Director

Pradeep Gaitonde
Director

Notes forming part of the Financial Statements

1. Corporate information

TCS Business Services GmbH, ('the Company'), having its legal address in Elisabethstr. 11, 40217 Dusseldorf, is into business of providing a wide range of services in areas of information technology, business management, electronic information processing, consultancy, assistance in research and development as well as sale, design and maintenance of compute equipment, products, software and hardware as well as sale of software licences of all kinds.

The company is incorporated in Germany. Tata Consultancy Services Netherlands B.V., the holding Company acquired TCS Business Services GmbH on 1st January 2020 and owned 100% of the company's equity share capital.

Financial statements have been prepared for the period of three months starting 1st January 2020 to 31st March 2020.

Since the company has not commenced commercial operations, statement of profit and loss account is not required.

2. 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. This special purpose financial statements have been prepared for inclusion of Tata Consultancy Services Limited (Intermediate Holding Company) under the requirement of Section 129(3) of the Companies Act, 2013('the Act').

3. Basis of preparation

These financial statements have been presented in EURO which is the functional currency of the Company. These special purpose financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The statement of cash flows have been prepared under Indirect method.

4. Use of estimates and judgements

The preparation of financial statements is 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.

5(a)(i). Cash and cash equivalents

Cash and cash equivalents consist of the following:

(Amount in EUR)

	As at March 31, 2020
Cheques on hand	25,000
Total	25,000

5(a)(ii). Financial Instrument by Category

The carrying value of financial instruments by categories as of March 31, 2020 is as follows:

(Amount in EUR)

	Amortised cost	Total carrying value
Financial assets:		
Cash and cash equivalents	25,000	25,000
Total	25,000	25,000

Notes forming part of the Financial Statements

5(b). Equity Instrument

(Amount in EUR)

(i) Authorised :

25,000 equity shares of EUR 1 each

(ii) Issued, subscribed and paid up:

25,000 equity shares of EUR 1 each

As at March 31, 2020
25,000
25,000
25,000
25,000
25,000

Note:

i) Reconciliation of number of shares

(Amount in EUR)

Equity shares

Opening balance

Changes during the period

Closing balance

As at March 31, 2020
12,500
12,500
25,000

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

(Amount in EUR)

Equity Shares

Tata Consultancy Services Netherlands B.V.

% of shareholding

As at March 31, 2020
25,000
100%

iii) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares which is an 100% investment by Tata Consultancy Services Netherlands B.V.. Since Tata Consultancy Services Netherlands B.V. is the only shareholder for the Company, it carry a right to dividend and also in the event of liquidation, Tata Consultancy Services Netherlands B.V. is eligible to receive the remaining assets of the Company.

Notes forming part of the Financial Statements

6. Subsequent events

There are no subsequent events post 31 March 2020, which will have material effect on the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors
of **TCS Business Services GmbH**

For **KBJ & Associates**

Chartered Accountants
Firm registration no.114934W

Sapthagiri Karkaria
Director

Kaushik B. Joshi
Proprietor
Membership number : 48889
Mumbai, May 13, 2020

Pradeep Gaitonde
Director

TATA CONSULTANCY SERVICES URUGUAY S.A.
REPORT TO THE BOARD OF DIRECTORS REGARDING THE
AUDIT OF THE FINANCIAL STATEMENTS

For the year ended
March 31, 2020

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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Statement of financial position	40.4
Statement of profit or loss and other comprehensive income	40.6
Statement of changes in equity	40.7
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Notes forming a part of the financial statements	40.9

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF TCS URUGUAY S.A.

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 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the 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 17, the Company has significant transactions and maintains significant balances with related parties. Our opinion is not modified in respect of this matter.

Responsibilities of Management and 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 22, 2020

KPMG
Gabriela Cervieri

Partner

C.J.y P.P.U. N° 64.031

Statement of Financial Position

(Uruguayan Pesos)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	8 (a)	34.767.130	73.083.788
Trade receivables	8 (c)	607.727.926	217.333.991
Unbilled receivables	11	32.491.214	11.477.054
Other financial assets	8 (d)	53.997.890	10.811.212
Other assets	10 (c)	31.237.749	7.807.724
Investments	8 (b)	-	18.476.230
Total current assets		760.221.909	338.989.999
Non-current assets			
Investments	8 (b)	76.273	73.145
Other financial assets	8 (d)	2.640.465	2.228.317
Deferred tax assets	14	3.482.155	3.313.316
Property, plant and equipment	10 (a)	130.083.704	137.160.562
Right-of-use assets	9	80.512.874	-
Intangible assets	10 (b)	145.212	215.414
Other assets	10 (c)	2	1.218.822
Total non-current assets		216.940.685	144.209.576
TOTAL ASSETS		977.162.594	483.199.575
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables	8 (e)	99.460.168	33.158.434
Lease liabilities	9	33.026.848	-
Other financial liabilities	8 (f)	4.688.795	19.374.259
Unearned and deferred revenue	11	19.782.700	13.827.573
Employee benefit obligations	15	136.084.037	80.292.303
Income tax liabilities (net)		39.326.700	8.791.110
Provisions		2.452	1.114
Other liabilities	10 (d)	40.175.719	24.898.658
Total current liabilities		372.547.419	180.343.451
Non-current liabilities			
Lease liabilities	9	75.142.360	-
Other liabilities	10 (d)	-	1.519.337
Total non-current liabilities		75.142.360	1.519.337
TOTAL LIABILITIES		447.689.779	181.862.788

Equity

Share capital

Legal reserves

Other equity

Retained earnings

TOTAL EQUITY**TOTAL LIABILITIES AND EQUITY**

Note

8 (j)

As at March 31, 2020	As at March 31, 2019
540.000	540.000
108.000	108.000
(2.069.390)	(2.069.390)
530.894.205	302.758.177
529.472.815	301.336.787
977.162.594	483.199.575

[SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.](#)

Statement of Profit or Loss and Other Comprehensive Income

(Uruguayan Pesos)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenues			
Consultancy services	11	2.075.845.215	1.104.482.439
TOTAL REVENUES		2.075.845.215	1.104.482.439
Operating expenses	17		
Employee benefits expenses	15	1.255.805.551	739.796.644
Depreciation and amortisation expense	9&10	63.887.039	39.475.232
Other operating expenses	12	158.791.905	130.410.990
TOTAL OPERATING EXPENSES		1.478.484.495	909.682.866
OPERATING INCOME		597.360.720	194.799.573
Other income / (expense)			
Finance income	13(a)	134.221.717	16.598.154
Finance costs	13(b)	(4.738.340)	(268.988)
Other gains	20	2.676.904	2.111.316
OTHER INCOME / (EXPENSE), NET		132.160.281	18.440.482
PROFIT BEFORE TAXES		729.521.001	213.240.055
Income tax expense	14	70.284.848	6.420.749
PROFIT FOR THE YEAR		659.236.153	206.819.306
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		659.236.153	206.819.306

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Statement of Changes in Equity

(Uruguayan Pesos)

Balance as at March 31, 2018

Profit for the year

Total comprehensive income

Dividend (Note 5)

Balance as at March 31, 2019

IFRS 16 Transition Impact (Note 9)

Balance as at April 1, 2019 (Restated)

Profit for the year

Total comprehensive income

Dividend (Note 5)

Balance as at March 31, 2020

Equity share capital	Legal reserves	Other equity	Retained earnings	Total equity
540.000	108.000	(2.069.390)	160.904.871	159.483.481
-	-	-	206.819.306	206.819.306
-	-	-	206.819.306	206.819.306
-	-	-	(64.966.000)	(64.966.000)
540.000	108.000	(2.069.390)	302.758.177	301.336.787
			(11.504.525)	(11.504.525)
540.000	108.000	(2.069.390)	291.253.652	289.832.262
-	-	-	659.236.153	659.236.153
-	-	-	659.236.153	659.236.153
-	-	-	(419.595.600)	(419.595.600)
540.000	108.000	(2.069.390)	530.894.205	529.472.815

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Statement of Cash Flows

(Uruguayan Pesos)

	Note	For the Year ended March 31, 2020	For the Year ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		659.236.153	206.819.306
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortisation expense	9&10	63.887.039	39.475.232
Income tax expense	14	70.284.848	6.420.749
Unrealised foreign exchange (gain) / loss		11.059.350	-
Investment revenue		-	(231.414)
Net change in			
Trade receivables		(390.393.935)	(149.933.911)
Unbilled receivables		(21.014.161)	(102.134)
Other financial assets (current and non-current)		(590.826)	(8.761.092)
Other assets (current and non-current)		(23.836.657)	(23.313.730)
Trade and other payables		66.301.734	4.429.754
Other financial liabilities (current)		(14.685.465)	19.121.827
Unearned and deferred revenues		5.955.127	59.907
Provisions		1.338	(21.134)
Employee benefit obligations		55.791.734	21.059.361
Other liabilities (current and non-current)		15.939.127	12.166.868
Cash generated from operations		497.935.406	127.189.589
Taxes paid		(38.690.037)	(504.643)
Net cash provided by operating activities		459.245.369	126.684.946
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	9&10	(31.598.122)	(11.888.215)
Loan given to fellow subsidiary		(36.608.000)	-
Purchase of intangible assets		-	(280.807)
Proceeds from sale of investments		18.473.102	-
Net cash used in investing activities		(49.733.020)	(12.169.022)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	17	(419.595.600)	(64.966.000)
Lease liabilities		(28.233.407)	-
Net cash used in financing activities		(447.829.007)	(64.966.000)
Net change in cash		(38.316.658)	49.549.924
Cash and cash equivalents, beginning of the year		73.083.788	23.533.864
Cash and cash equivalents, end of the year		34.767.130	73.083.788
Supplementary cash flow information:			
Interest paid	13(b)	4.738.340	268.988
Interest received	13(a)	2.042.847	231.394
Dividend received	13(a)	17	20

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Notes forming part of the Financial Statements

1. GENERAL INFORMATION

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.

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.

The financial statements have been approved by the Entity's Board of Directors for their issuance on May 22, 2020 and will be submitted to the Shareholders meeting for approval.

2. STATEMENT OF COMPLIANCE

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.

3. BASIS OF PREPARATION

These financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortised cost 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. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method. In the current year, the Company has changed its presentation of interest income and expense as part of operating activities. In the previous year, the same was presented as investing and financing activity respectively. The change in the presentation is to align with the Cash Flow disclosure of the parent entity

The functional currency of the Company is the Uruguayan peso. The functional currency of the Company is the currency of the primary economic environment in which the entity operates. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

4. 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 judgements 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.

The Company uses the following critical accounting estimates in preparation of its financial statements:

a. Revenue Recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products or services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Notes forming part of the Financial Statements

- Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b. Useful lives of property, plant and equipment and intangibles

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

c. 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.

d. Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

e. Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

f. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by

Notes forming part of the Financial Statements

an option to extend the lease if the group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5. NATURE AND PURPOSE OF RESERVES

Legal reserve

The Legal reserve has reached the maximum amount established by Article 93 of Law 16.060.

Retained earnings

On February 1, 2019 it was determined to distribute dividends in advanced for a total of \$ 64.966.000 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

On May 15, 2019 it was determined to distribute dividends in advanced for a total of \$ 52.860.000 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

On December 4, 2019 it was determined to distribute dividends in advanced for a total of \$ 45.141.600 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

On March 18, 2020 it was determined to distribute dividends in advanced for a total of \$ 321.594.000 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

6. REGISTRATION OF FINANCIAL STATEMENTS

According to Decree 156/16 dated May 30, 2016, commercial companies will not be able to distribute dividends as long as they do not comply with the obligation to register, within the established terms, the financial statements to the Auditoría Interna de la Nación (AIN), institution that regulates the commercial companies.

To date, the Company has complied with this obligation for the year ended on March 31, 2019. For the year ended on March 31, 2020 the company has time to comply until September 30, 2020.

7. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS Standards	References to Conceptual Framework ¹
Amendments to IFRS 3	Definition of Business ¹
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate Benchmark Reform ¹
Amendments to IAS 1	Classification of Liabilities ²

¹ Effective for annual periods beginning on or after January 1, 2020.

² Effective for annual periods beginning on or after January 1, 2022

IFRS Standards – References to Conceptual Framework

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Amendments primarily either update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised Framework, with effect from January 1, 2020. The Company does not expect the amendment to have any impact on its financial statements.

Notes forming part of the Financial Statements

IFRS 3 – Definition of Business

In October 2018, the IASB issued amendments Definition of a Business (Amendments to IFRS 3) to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments confirmed that a business must include inputs, narrowed the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments primarily provide clearer application guidance. The Company does not expect the amendment to have any impact on its evaluation of whether activities and assets acquired are a business or a group of assets.

IAS 1 and IAS 8 – Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

- Obscuring: The existing definition only focused on omitting or misstating information, however, IASB concluded that obscuring material information with information that can be omitted can have a similar effect.
- Could reasonably be expected to influence: The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- Primary users: The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Company does not expect the amendment to have any impact on its evaluation of 'material' in relation to its financial statements.

IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

In September 2019, IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). The IASB felt that some hedge accounting requirements in IFRS 9 may be affected by uncertainties arising from the impact of the ongoing reform of some major interest rate benchmarks whereby efforts are being made to replace existing benchmarks with alternative, nearly risk free rates. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors. Therefore, IASB has amended specific hedge accounting requirements to provide exceptions during this period of uncertainty. The amendment primarily states that when determining whether a forecast transaction is highly probable, a company shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform. The Company does not expect the amendment to have any significant impact because the Company hedges currency fluctuation risk and contractual cash flows of hedged items and hedging instruments do not vary significantly with changes in interest rate benchmarks.

IAS 1 – Classification of Liabilities

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

8. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY 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.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or

Notes forming part of the Financial Statements

when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

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 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 a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

Impairment of financial assets (other than at fair value)

The Company assesses at each date of statement 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 recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. 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 allowance 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.

a. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(Uruguayan Pesos)	
	As at March 31, 2020	As at March 31, 2019
Cash - Outside India	17.179	21.609
Current account balances with banks	34.749.951	73.062.179
Total	34.767.130	73.083.788

Notes forming part of the Financial Statements

b. Investments

Investments consist of the following:

Investments carried at fair value through OCI

Fully paid equity shares

Other investments

i. TCS Argentina S.A.

Total Investments - current

(Uruguayan Pesos)

As at March 31, 2020	As at March 31, 2019
-	18.476.230
-	18.476.230

Investments carried at cost

Fully paid equity shares

Other investments

i. TCS Argentina S.A.

ii. TCS Inversions Chile Ltda.

iii. MGDC S.C.

Total Investments - Non current

(Uruguayan Pesos)

As at March 31, 2020	As at March 31, 2019
3.128	-
29	29
73.116	73.116
76.273	73.145

c. Trade receivables

Trade receivables consist of the following:

Trade receivables – Current

Trade receivables - gross

Less: Provision for volume discount

Total

(Uruguayan Pesos)

As at March 31, 2020	As at March 31, 2019
664.311.053	258.736.992
(56.583.127)	(41.403.001)
607.727.926	217.333.991

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:

Not Due

Overdue 1 to 90 Days

Overdue 91 to 180 Days

Overdue 181 to 360 Days

Overdue 360 Days

Total past-due portfolio

(Uruguayan Pesos)

As at March 31, 2020	As at March 31, 2019
210.318.974	81.761.534
397.368.332	130.209.624
40.620	4.088.653
-	1.247.520
-	26.660
607.727.926	217.333.991

Trade receivables include balances with related parties amount UYU 597.250.185 (Refer note 17).

Notes forming part of the Financial Statements

d. Other financial assets

Other financial assets consist of the following:

(Uruguayan Pesos)

Other financial assets – Current

Employee advances (*)

Loans to subsidiaries

Accrued interest

Loans to employees

Total

As at March 31, 2020	As at March 31, 2019
9.933.668	10.811.212
43.008.000	-
1.037.955	-
18.267	-
53.997.890	10.811.212

(Uruguayan Pesos)

Other financial assets – Non-current

Deposits for premises

Others

Total

As at March 31, 2020	As at March 31, 2019
2.580.365	2.168.217
60.100	60.100
2.640.465	2.228.317

(*) Include recoverable advances to foreign employees deputed in Uruguay.

e. Trade and Other Payables

(Uruguayan Pesos)

Trade payables - gross

Trade payables

Accrued expenses

Total

As at March 31, 2020	As at March 31, 2019
79.069.493	19.519.918
79.069.493	19.519.918
20.390.675	13.638.516
99.460.168	33.158.434

f. Other financial liabilities

Other financial liabilities consist of the following:

(Uruguayan Pesos)

Other financial liabilities – Current

Capital Creditors

Security deposits-Current

Others

Total

As at March 31, 2020	As at March 31, 2019
2.659.584	885.821
2.029.211	937.350
-	17.551.088
4.688.795	19.374.259

Notes forming part of the Financial Statements

g. Financial instruments by category

The carrying value of financial instruments by categories as at March 31, 2020 is as follows:

(Uruguayan Pesos)

	Fair value through Other Comprehensive Income	Amortized cost	Total carrying value
Financial assets			
Cash and cash equivalents	-	34.767.130	34.767.130
Trade receivables	-	607.727.926	607.727.926
Unbilled receivables	-	32.491.214	32.491.214
Other financial assets	-	56.638.355	56.638.355
Total	-	731.624.625	731.624.625
Financial liabilities			
Trade payables	-	99.460.168	99.460.168
Lease liability	-	108.169.208	108.169.208
Other financial liabilities	-	4.688.795	4.688.795
Total	-	212.318.171	212.318.171

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

(Uruguayan Pesos)

	Fair value through Other Comprehensive Income	Amortized cost	Total carrying value
Financial assets			
Cash and cash equivalents	-	73.083.788	73.083.788
Trade receivables	-	217.333.991	217.333.991
Investments	18.476.230	-	18.476.230
Unbilled receivables	-	11.477.054	11,477.054
Other financial assets	-	13.039.529	13.039.529
Total	18.476.230	314.934.362	333.410.592
Financial liabilities			
Trade payables	-	33.158.434	33.158.434
Other financial liabilities	-	19.374.259	19.374.259
Total	-	52.532.693	52.532.693

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at March 31, 2020 and 2019 approximate the fair value. Difference between carrying amounts and fair values of other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented. Fair value measurement of lease liabilities is not required.

h. Fair value hierarchy

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

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

Notes forming part of the Financial Statements

i. 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.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

• **Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates.

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 percent against the respective functional currency of the Company.

The following analysis has been worked out based on the net exposures for Company as at the date of statement of financial position which could affect the statement of profit or loss and other comprehensive income and equity.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2020 and March 31, 2019:

	(Uruguayan Pesos)						
2020	USD	GBP	CAD	BRL	AUD	EUR	ARS
Net financial assets	686.837.363	5.691.956	2.860.003	9.242.220	649.111	7.150.423	-
Net financial liabilities	138.294.139	1.154.660	90.818	-	3.605	115.654	-

	(Uruguayan Pesos)						
2019	USD	GBP	CAD	BRL	AUD	EUR	ARS
Net financial assets	279.483.631	4.523.061	1.656.473	9.012.310	-	-	18.476.230
Net financial liabilities	18.198.581	-	173.181	-	5	-	17.551.088

10 percent appreciation or depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease or increase in the Company's profit before taxes by approximately UYU 57.277.220 for the year ended March 31, 2020 and UYU 27.722.885 for the year ended March 31, 2019 respectively.

• **Interest rate risk**

The Company is not exposed to interest rate risk.

Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms 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 receivables, investments, cash and cash equivalents, bank deposits and other financial assets. Cash and cash equivalents include an amount of UYU 34.749.951 held with a bank having high quality credit rating which are individually in excess of 10 percent or more of the Company's total cash and cash equivalents as at 31st March, 2020 (UYU 73.062.179 as at 31st March, 2019). None of the other financial instruments of the Company result in material concentration of credit risk.

Notes forming part of the Financial Statements

• Exposure to credit risk

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was UYU 760.648.500 and UYU 338.167.031 as at March 31, 2020 and 2019 respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, unbilled receivables, contract assets, other financial assets and investments.

Company's exposure to customers is diversified, and single customer which contributes individually to more than 10 percent of outstanding trade receivable, unbilled receivables and contract assets as at March 31, 2020 and 2019, respectively are as follows:

	As at March 31, 2020		As at March 31, 2019	
	Total trade receivables, unbilled receivables and contract assets	Percentage	Total trade receivables, unbilled receivables and contract assets	Percentage
Customer A	626.279.708	94	198.535.023	87

Geographic concentration of credit risk

Geographic concentration of trade receivables, unbilled receivables and contract assets is as follows:

	As at March 31, 2020	As at March 31, 2019
	Net %	Net %
Americas	92	93
Others	8	7

Geographical concentration of trade receivables, unbilled receivables and contract assets is allocated based on the location of the customers.:

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 including lease liabilities as and when they fall due.

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

(Uruguayan Pesos)

March 31, 2020	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
Non-derivative financial liabilities:					
Trade payables	99.460.168	-	-	-	99.460.168
Lease liability (*)	36.938.078	36.938.078	41.819.024	-	115.695.180
Other financial liabilities	4.688.795	-	-	-	4.688.795
Total	141.087.041	36.938.078	41.819.024	-	219.844.143

Notes forming part of the Financial Statements

(Uruguayan Pesos)

March 31, 2019

Non-derivative financial liabilities:

Trade payables

Other financial liabilities

Total

	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
Trade payables	33.158.434	-	-	-	33.158.434
Other financial liabilities	19.374.259	-	-	-	19.374.259
Total	52.532.693	-	-	-	52.532.693

(*) Amounts are presented at nominal value and not book value.

Other risk – Impact of COVID-19

Financial assets carried at amortised cost as at March 31, 2020 is UYU 731.624.625. Financial assets of UYU 34.767.130 as at March 31, 2020 carried at amortised cost is in the form of cash and cash equivalents where the Company has assessed the counterparty credit risk. Trade receivables of UYU 607.727.926 as at March 31, 2020 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to customers in Retail, Travel, Transportation and Hospitality, Manufacturing and Energy verticals which could have an immediate impact and the rest which could have an impact with a lag. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on nonrecourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables and contract assets of UYU 61.515.089 as at March 31, 2020 while arriving at the level of provision that is required. Basis this assessment, it was considered that no allowance for doubtful trade receivables is required.

j. Equity instruments

The authorised, issued, subscribed and fully paid up share capital consists of the following:

(Uruguayan Pesos)

Authorised

Equity shares of '1 each

Issued, Subscribed and Fully paid up

Opening balance of equity shares of '1 each

	As at March 31, 2020	As at March 31, 2019
Authorised	540.000	540.000
Issued, Subscribed and Fully paid up	540.000	540.000

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 and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

9. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the nonlease components.

Notes forming part of the Financial Statements

The company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Company as a lessor

At the inception of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 Revenue to allocate the consideration in the contract.

Transition to IFRS 16

In January 2016, International Accounting Standards Board issued the final version of IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. IFRS 16 has replaced IAS 17 Leases, and its related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted IFRS 16, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Notes forming part of the Financial Statements

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of IFRS 16 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying IFRS 16 to leases previously classified as operating leases under IAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying IAS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of UYU 105.654.731 and lease liability of UYU 118.943.266 has been recognised. The cumulative effect on transition in retained earnings net of taxes is UYU 11.504.525 (including the deferred tax of UYU 1.228.057). The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per IAS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 3,82 percent has been applied to lease liabilities recognised in the statement of financial position at the date of initial application.

On application of IFRS 16, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of IFRS 16 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

Company as a lessor

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Company accounted for its leases in accordance with IFRS 16 from the date of initial application. The Company does not have any significant impact on account of sub-lease on the application of this standard.

The details of the right-of-use asset held by the Company is as follows:

(Uruguayan Pesos)

	Addition for the year ended March 31, 2020	Net carrying amount as on March 31, 2020
Buildings	-	80.512.874
Total	-	80.512.874

Depreciation on right-of-use asset is as follows:

(Uruguayan Pesos)

	Net carrying amount as on March 31, 2020
Buildings	25.141.857
Total	25.141.857

Notes forming part of the Financial Statements

Interest on lease liabilities is UYU 4.738.340 for the year ended on March 31, 2020.

The Company incurred UYU 582.736 for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow is UYU 33.554.484 for the year ended March 31, 2020 for long term and short term leases.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant downsizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

10. NON-FINANCIAL ASSETS AND LIABILITIES

a. Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any. Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual values 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:

	Contract term
Leasehold improvements	
Computer equipment	4 years
Furniture and fixtures	5 years
Office equipments	5 years
Electrical installations	5 years
Automobiles	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. Capital work-in-progress includes capital advances.

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 profit or loss.

Notes forming part of the Financial Statements

Property, plant and equipment consist of the followings:

(Uruguayan Pesos)

	Leasehold improvements	Computer equipments	Furniture & fixtures	Office equipments	Electrical Installations	Automobiles	Total
Gross block as at March 31, 2019	229.384.766	52.064.133	35.357.985	13.697.675	1.781.054	481.318	332.766.931
Purchases	2.354.175	23.995.577	2.984.916	405.067	-	-	29.739.735
Reclassifications	-	-	-	-	-	-	-
Gross block as at March 31, 2020	231.738.941	76.059.710	38.342.901	14.102.742	1.781.054	481.318	362.506.666
Accumulated depreciation as at March 31, 2019	116.241.113	41.938.397	30.087.991	8.844.431	923.631	481.318	198.516.881
Reclassifications	-	-	-	-	-	-	-
Depreciation for the year	27.655.485	6.793.563	2.074.052	1.971.500	180.380	-	38.674.980
Accumulated depreciation as at March 31, 2020	143.896.598	48.731.960	32.162.043	10.815.931	1.104.011	481.318	237.191.861
Net carrying amount as at March 31, 2020	87.842.343	27.327.750	6.180.858	3.286.811	677.043	-	125.314.805
Capital work-in-progress	564.335	3.347.010	830.492	27.062	-	-	4.768.899
Total							130.083.704
Gross block as at March 31, 2018	229.271.612	41.889.207	35.466.221	12.805.281	1.781.054	481.318	321.694.693
Purchases	-	10.174.926	4.918	892.394	-	-	11.072.238
Reclassifications	113.154	-	(113.154)	-	-	-	-
Gross block as at March 31, 2019	229.384.766	52.064.133	35.357.985	13.697.675	1.781.054	481.318	332.766.931
Accumulated depreciation as at March 31, 2018	88.950.598	37.484.650	25.086.469	6.360.755	743.252	481.318	159.107.042
Reclassifications	12.053	-	(12.053)	-	-	-	-
Depreciation for the year	27.278.462	4.453.747	5.013.575	2.483.676	180.379	-	39.409.839
Accumulated depreciation as at March 31, 2019	116.241.113	41.938.397	30.087.991	8.844.431	923.631	481.318	198.516.881
Net carrying amount as at March 31, 2019	13.143.653	10.125.736	5.269.994	4.853.244	857.423	-	134.250.050
Capital work-in-progress	-	1.978.817	879.369	52.326	-	-	2.910.512
Total							137.160.562

b. Other intangible assets

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. Intangible assets consist of rights under licensing agreement and software licences.

Notes forming part of the Financial Statements

Following table summarises the nature of intangibles and their estimated useful lives:

Type of asset	Useful lives
Rights under licensing agreement and software licences	Lower of licence period and 2-5 years

Intangible assets are amortised on a straight line basis over the period of its economic useful life.

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 profit or loss.

Intangible assets consist of the following:

	(Uruguayan Pesos)
Gross block as at March 31, 2019	Software Licences
Purchases	1.688.408
Gross block as at March 31, 2020	-
	1.688.408
Accumulated depreciation as at March 31, 2019	1.472.994
Depreciation for the year	70.202
Accumulated depreciation as at March 31, 2020	1.543.196
Net carrying amount as at March 31, 2020	145.212

	(Uruguayan Pesos)
Gross block as at March 31, 2018	Software Licences
Purchases	1.407.601
Gross block as at March 31, 2019	280.807
	1.688.408
Accumulated depreciation as at March 31, 2018	1.407.601
Depreciation for the year	65.393
Accumulated depreciation as at March 31, 2019	1.472.994
Net carrying amount as at March 31, 2019	215.414

The estimated amortisation for the years subsequent to March 31, 2020 is as follows:

Intangible assets	(Uruguayan Pesos)
2021	70.202
2022	70.202
2023	4.808
Total	145.212

Notes forming part of the Financial Statements

c. Other assets

Other assets consist of the following:

Other assets – Current

(Uruguayan Pesos)

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	596.070	453.369
Advance to suppliers	693.122	843.167
Tax credit	874.365	1.344.244
Prepaid rent - others	-	333.496
Contract assets	29.023.873	4.756.435
Other current assets	50.319	77.013
Total	31.237.749	7.807.724

Other non current assets

(Uruguayan Pesos)

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	-	1.218.818
Contract assets	2	4
Total	2	1.218.822

Prepaid rent of UYU 1.625.452 has been reclassified to right-to-use asset pursuant to transition to IFRS 16.

Refer note 11 for changes in contract assets.

d. Other liabilities

Other liabilities consist of the following:

Other liabilities – Current

(Uruguayan Pesos)

	As at March 31, 2020	As at March 31, 2019
Indirect tax payable and other statutory liabilities	40.175.719	24.346.172
Accrual for lease rentals	-	552.486
Total	40.175.719	24.898.658

Other liabilities – Non-current

(Uruguayan Pesos)

	As at March 31, 2020	As at March 31, 2019
Accrual for lease rentals	-	1.519.337
Total	-	1.519.337

Rental provision of UYU 2.071.823 has been reclassified to retained earnings pursuant to transition to IFRS 16.

Notes forming part of the Financial Statements

11. REVENUE RECOGNITION

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

- Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.
- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system or software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals, and geography.

Revenue from operations includes UYU NIL for year ended March 31, 2020 (March 31, 2019: NIL) towards sale of equipment and software licenses.

Notes forming part of the Financial Statements

Revenue disaggregation by industry vertical is as follows:

	(Uruguayan Pesos)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Banking, financial and insurance	104.270.734	15.924.112
Manufacturing	164.675.582	37.739.378
Retail and consumer products	69.297.505	74.037.363
Communication, media and technology	1.178.217.464	800.845.115
Life sciences and healthcare	468.293.875	157.748.930
Others	91.090.055	18.187.541
Total	2.075.845.215	1.104.482.439

Revenue disaggregation by geography is as follows:

	(Uruguayan Pesos)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Americas	1.971.196.062	1.068.110.325
Others	104.649.153	36.372.114
Total	2.075.845.215	1.104.482.439

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revaluations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is 1.217.240.835 Uruguayan Pesos out of which 60,2 percent is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets are as follows:

	(Uruguayan Pesos)
	Amount
Balance at the beginning of the year	4.756.439
Revenue recognized during the year	132.617.997
Invoices raised during the year	111.222.315
Translation exchange difference	2.871.761
Other Adjustment	(7)
Closing Balance as on 31st March 2020	29.023.875

Notes forming part of the Financial Statements

Balance at the beginning of the year
Add : Revenue Recognized during the year
Less : Invoice Raised during the year
Add/Less : Translation

Closing Balance as on 31st March 2019

(Uruguayan Pesos)

Amount
4.861.241
2.986.068
(3.583.420)
492.550
4.756.439

Changes in unearned and deferred revenue (contract liabilities) are as follows:

Balance at the beginning of the year
Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year.
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year.
Translation exchange difference
Other Adjustment

Closing Balance as on 31st March 2020

(Uruguayan Pesos)

Amount
13.827.573
(13.827.555)
15.943.908
3.838.790
(16)
19.782.700

Balance at the beginning of the year
Less : Revenue Recognized during the year
Add: Invoice Raised during the year
Add/Less : Translation

Closing Balance as on 31st March 2019

(Uruguayan Pesos)

Amount
13.767.666
(15.208.647)
16.090.831
(822.277)
13.827.573

Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from:

- the inability of our customers to continue their businesses due to financial resource constraints or their services no longer being availed by their customers;
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility;
- customers not in a position to accept alternate delivery modes using Secured Borderless WorkSpaces;
- customers postponing their discretionary spend due to change in priorities;

The Company has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meeting its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where

Notes forming part of the Financial Statements

revenue is recognised on percentage-completion-basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

12. OPERATING EXPENSES RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their primary functions in the following categories:

The costs of the Company are broadly categorized into employee benefits expenses, depreciation and amortization and other operating expenses. Employee benefits 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.

Other operating expenses

(Uruguayan Pesos)

	For the year ended March 31, 2020	For the Year ended March 31, 2019
Fees to external consultants	2.065.231	3.169.029
Facility running expenses	46.195.409	63.385.159
Travel expenses	41.712.828	17.479.217
Communication	20.814.374	15.508.865
Other expenses	48.004.063	30.868.720
	158.791.905	130.410.990

Expenses by function

(Uruguayan Pesos)

	For the year ended March 31, 2020	For the Year ended March 31, 2019
Cost of revenue	1.164.039.666	640.987.249
Selling, general and administrative expenses	314.444.829	268.695.617
	1.478.484.495	909.682.866

13. OTHER INCOME

a. Finance income

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

(Uruguayan Pesos)

	For the year ended March 31, 2020	For the Year ended March 31, 2019
Net foreign exchange gains / (losses)	132.178.853	16.366.740
Interest income / dividend	2.042.864	231.414
Total	134.221.717	16.598.154

Notes forming part of the Financial Statements

b. Finance costs

(Uruguayan Pesos)

	For the year ended March 31, 2020	For the Year ended March 31, 2019
Other interest expenses	4.738.340	268.988
Total	4.738.340	268.988

14. INCOME TAXES

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.

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 April 14, 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 April 1, 2010.

According to Article 3 of Decree No. 207/008 and considering that the Company committed to maintain one hundred direct qualified posts, could obtain a benefit of a 70 percent exemption of income from the promoted activity for the ten-year term.

Notes forming part of the Financial Statements

The income tax expense consists of the following:

	(Uruguayan Pesos)	
	For the year ended March 31, 2020	For the Year ended March 31, 2019
Current income tax expense		
Domestic	66.147.457	7.898.612
Overseas	3.078.173	1.835.453
	69.225.630	9.734.065
Deferred income tax expense / (benefit)		
Domestic	1.059.218	(3.313.316)
	1.059.218	(3.313.316)
Total income tax expense	70.284.848	6.420.749

The reconciliation of income tax expense and book net income is as follows:

	(Uruguayan Pesos)	
	For the year ended March 31, 2020	For the Year ended March 31, 2019
Income before income taxes	729.521.001	213.240.055
Federal income tax rate	25%	25%
Expected income tax expense	182.380.250	53.310.014
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Tax holidays and income exempt from tax (*)	(117.763.361)	(32.537.471)
Tax on transfer of foreign subsidiary overseas branches	-	1.835.453
Tax pertaining to prior years:		
Current Tax	(25.173)	-
Fixed Assets of SEZ/STP	(3.630.186)	(3.270.419)
Disallowable expenses:		
Income exempt related disallowed expenses (*)	6.245.145	2.244.406
Other Permanent differences:		
Other adjustments	3.078.173	(15.161.234)
Total income tax expense	70.284.848	6.420.749

(*) 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 percent 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 percent in case it provides a minimum of 150 qualified working places and that their service is used in 100 percent on services to foreign countries. In relation to this, in the years ended March 31, 2020 and March 31, 2019, the Entity did not accomplish with the mentioned requirements hence did not use the benefit of the exoneration over the income product of this kind of services.

Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

(Uruguayan Pesos)

	As at March 31, 2019	Recognized / reversed through profit or loss	Recognised through retained earnings	As at March 31, 2020
Originated by:				
Property, plant and equipment	3.142.478	(735.690)	-	2.406.788
IFRS 16 Transition Impact	-	(351.280)	1.228.057	876.777
Provisions	170.838	27.752	-	198.590
	3.313.316	1.059.218	1.228.057	3.482.155

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(Uruguayan Pesos)

	As at March 31, 2018	Recognized / reversed through profit or loss	Recognised through retained earnings	As at March 31, 2019
Originated by:				
Property, plant and equipment	-	3.142.478	-	3.142.478
Provisions	-	170.838	-	170.838
	-	3.313.316	-	3.313.316

Investment tax credit

On June 25, 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 percent 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.

Direct Tax Contingencies

There are no contingency in relation to Direct tax matters.

15. EMPLOYEE BENEFITS

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is 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.

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.

Notes forming part of the Financial Statements

Employee cost consist of the following:

(Uruguayan Pesos)

Salaries, incentives and allowances
Contributions to Provident and Other Funds
Staff Welfare

For the year ended March 31, 2020	For the year ended March 31, 2019
1.105.752.900	653.296.239
120.429.214	72.620.594
29.623.437	13.879.811
1.255.805.551	739.796.644

Employee benefit obligations consist of the following:

Employee benefit obligations – Current

(Uruguayan Pesos)

Benefits to employees
Accrued payroll
Other employee benefit obligations
Total

As at March 31, 2020	As at March 31, 2019
100.184.269	59.172.066
35.251.488	20.800.612
648.280	319.625
136.084.037	80.292.303

16. COMMITMENTS AND CONTINGENCIES

Capital commitments

The Company has contractually committed (net of advances) UYU 22.959.902 and UYU 179.674 as at March 31, 2020 and 2019, respectively, for purchase of property, plant and equipment.

Contingencies

- **Direct tax matters**

Refer note 14.

- **Indirect tax matters**

There are no contingency in relation to Indirect tax matters.

- **Other claims**

Claims aggregating UYU 212.172 and UYU NIL as at March 31, 2020 and 2019, respectively, against the Company have not been acknowledged as debts.

Notes forming part of the Financial Statements

17. RELATED PARTY TRANSACTIONS AND BALANCES

Company's principal related parties consist of its ultimate holding company Tata Consultancy Services Limited and its subsidiaries, affiliates and key managerial personnel. The company's related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

Transactions with related parties are as follows:

	(Uruguayan Pesos)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	March 31, 2020	
Tata Consultancy Services Limited	1.862.434.851	855.847.099
Subsidiaries of Tata Consultancy Services Limited		
Tata America International Corporation	799.642	64.394.806
Tata Consultancy Services Canada Inc.	74.791.097	64.582.998
Tata Consultancy Services Deutschland GmbH	12.290.155	12.493.609
Tata Consultancy Services Do Brasil Ltda	21.041.209	14.472.421
Tata Consultancy Services France SA	2.043.303	-
Tata Consultancy Services Switzerland Ltd.	27.948.963	7.662.706
Total	138.914.369	163.606.539
Interest income		
Subsidiaries of Tata Consultancy Services Limited		
Tata Consultancy Services Do Brasil Ltda	933.438	-
Total	933.438	-
Other income		
Subsidiaries of Tata Consultancy Services Limited		
TCS Iberoamerica SA	18.473.102	-
TCS Inversiones Chile Limitada	17	20
Tata Consultancy Services De Mexico S.A., De C.V.	-	268.989
Total	18.473.119	269.009
Purchases of goods and services (including reimbursements)		
Tata Consultancy Services Limited	173.275.862	60.603.105
Subsidiaries of Tata Consultancy Services Limited		
MGDC S.C.	60.276	-
Tata America International Corporation	(669.546)	[1.793.230]
Tata Consultancy Services De Mexico S.A.,De C.V.	(3.904)	[44.534]
TCS Inversiones Chile Limitada	14.417.869	8.144.467
Tata Consultancy Services Argentina S.A.	478.703	[147.623]
TCS Solution Center S.A.	(176.544)	-
Tata Consultancy Services Do Brasil Ltda	(224.387)	[29.033]
Total	13.882.467	6.130.047

Notes forming part of the Financial Statements

Brand equity contribution

Tata Sons Private Limited, its subsidiaries and associates

Tata Sons Private Limited

Total

Dividend paid

Subsidiaries of Tata Consultancy Services Limited

TCS Iberoamerica SA

Total

Purchase of Equity Shares

Subsidiaries of Tata Consultancy Services Limited

Tata Consultancy Services Argentina S.A.

Total

For the year ended March 31, 2020	For the year ended March 31, 2019
186.240	373.559
186.240	373.559
419.595.600	64.966.000
419.595.600	64.966.000
-	18.476.230
-	18.476.230

Balances receivable from related parties are as follows:

(Uruguayan Pesos)

Trade receivables and unbilled receivables and contract assets

Tata Consultancy Services Limited

Subsidiaries of Tata Consultancy Services Limited

Tata America International Corporation

Tata Consultancy Services Canada Inc.

Tata Consultancy Services De Mexico S.A., De C.V.

Tata Consultancy Services Deutschland GmbH

Tata Consultancy Services Do Brasil Ltda

Tata Consultancy Services France SA

Tata Consultancy Services Switzerland Ltd.

Tata Consultancy Services Argentina S.A.

TCS Solution Center S.A.

Total

Loans, other financial assets and other assets

Subsidiaries of Tata Consultancy Services Limited

Tata Consultancy Services Do Brasil Ltda

Total

As at March 31, 2020	As at March 31, 2019
626.279.708	200.826.167
8.557.297	[488.108]
2.860.002	1.704.192
3.838	172
1.410.830	-
9.285.427	9.012.309
301.895	-
4.360.933	3.300.229
-	136.201
-	335
26.780.222	13.665.330
44.045.955	-
44.045.955	-

Notes forming part of the Financial Statements

Balances payable to related parties are as follows:

(Uruguayan Pesos)

Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities

Tata Sons Private Limited, its subsidiaries and associates

Tata Sons Private Limited

Total

Tata Consultancy Services Limited

Subsidiaries of Tata Consultancy Services Limited

TCS Inversiones Chile Limitada

Tata Consultancy Services Do Brasil Ltda

Tata Consultancy Services Argentina S.A.

Total

As at March 31, 2020	As at March 31, 2019
186.240	373.559
186.240	373.559
88.893.917	25.913.300
3.798.424	2.177.739
-	53.826
-	17.551.088
3.798.424	19.782.653

Compensation to key management personnel

(Uruguayan Pesos)

Short-term benefits

Total

For the year ended March 31, 2020	For the year ended March 31, 2019
8.472.290	5.445.823
8.472.290	5.445.823

18. SUBSEQUENT EVENTS

COVID-19 was declared pandemic by the World Health Organization on March 11, 2020, significantly impacting, amongst others, on economic conditions, businesses and consumers. To date, the evolution of the pandemic is highly uncertain and, consequently, it is not possible to reliably estimate the impact that it will have on the financial situation of the Company, on the results of its operations and on its cash flows in future periods. Company's specific assessment and possible impacts have been addressed on notes 8, 9 and 11.

The Company is monitoring the situation to ensure common health and safety in line with the recommendations of the National Government.

TCS SOLUTION CENTER S.A.

FINANCIAL STATEMENTS

**For the year ended
March 31, 2020**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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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 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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 17, the Company has significant transactions and maintains significant balances with related parties. Our opinion is not modified in respect of this matter.

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 22, 2019

KPMG
Gabriela Cervieri

Partner

C.J.y P.P.U. N° 64.031

Statement of Financial Position

(Uruguayan Pesos)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	8 (a)	352.526.739	312.589.131
Trade receivables	8 (c)	633.385.365	477.132.909
Unbilled receivables	11	233.059.714	207.648.665
Other financial assets	8 (d)	14.801.901	11.074.112
Advance income taxes (net)		18.584.980	4.414.067
Other assets	10 (c)	113.247.774	158.975.833
Total current assets		1.365.606.473	1.171.834.717
Non-current assets			
Investments	8 (b)	906	906
Other financial assets	8 (d)	1.539.590	1.161.718
Advance income taxes (net)		-	12.730.946
Deferred tax assets (net)	14	51.040.848	31.674.198
Property, plant and equipment	10 (a)	536.614.472	464.099.560
Right-of-use assets	9	317.186.125	-
Intangible assets	10 (b)	-	11.208
Unbilled receivables		428.676	1
Other non-current assets	10 (c)	32.958.886	50.529.924
Total non-current assets		939.769.503	560.208.461
TOTAL ASSETS		2.305.375.976	1.732.043.178
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables	8 (e)	142.917.340	354.661.848
Lease liabilities	9	88.170.573	-
Other financial liabilities	8 (f)	44.335.480	18.294.553
Unearned and deferred revenue	11	49.191.875	36.002.461
Employee benefit obligations	15	172.583.783	161.450.025
Income tax payable (net)		71.644.923	27.395.425
Provisions		7.145.713	6.248.354
Other liabilities	10 (d)	58.882.891	56.088.975
Total current liabilities		634.872.578	660.141.641
Non-current liabilities			
Lease liabilities	9	262.296.605	-
Total non-current liabilities		262.296.605	-
TOTAL LIABILITIES		897.169.183	660.141.641
Equity			
Share capital	8 (j)	359.244.073	359.244.073
Legal reserves		46.607.892	26.826.481
Other equity		29.672.325	31.436.444
Retained earnings		972.682.503	654.394.539
TOTAL EQUITY		1.408.206.793	1.071.901.537
TOTAL LIABILITIES AND EQUITY		2.305.375.976	1.732.043.178

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Statement of Profit or Loss and Other Comprehensive Income

(Uruguayan Pesos)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenues			
Revenue from operations	11	4.005.500.630	3.331.827.461
TOTAL REVENUES		4.005.500.630	3.331.827.461
Operating expenses			
Employee benefits expenses	15	2.214.894.203	1.791.358.707
Depreciation and amortisation expense	9 & 10	364.619.444	197.219.305
Other operating expenses	12	654.419.974	826.099.328
TOTAL OPERATING EXPENSES		3.233.933.621	2.814.677.340
OPERATING INCOME		771.567.009	517.150.121
Other income / (expense)			
Finance income	13 (a)	44.767.477	19.335.030
Other gains	13 (c)	4.435.491	560.079
Finance costs	13 (b)	(27.643.075)	(874.141)
OTHER INCOME (NET)		21.559.893	19.020.968
PROFIT BEFORE TAXES		793.126.902	536.171.089
Income tax	14	195.994.310	140.542.866
PROFIT FOR THE YEAR		597.132.592	395.628.223
OTHER COMPREHENSIVE INCOME, NET OF TAXES			
Items that are or may be reclassified to profit or loss			
Translation adjustment		(1.764.119)	25.542.334
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		595.368.473	421.170.557

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Statement of Changes in Equity

(Uruguayan Pesos)

	Equity share capital	Legal Reserves	Other equity	Retained earnings	Total equity
Balance as at Mar 31, 2018	359.244.073	7.915.559	5.894.110	407.609.238	780.662.980
Other comprehensive income	-	-	25.542.334	-	25.542.334
Profit for the year	-	-	-	395.628.223	395.628.223
Total comprehensive income	-	-	25.542.334	395.628.223	421.170.557
Dividend (Note 5)	-	-	-	(129.932.000)	(129.932.000)
Legal reserve (Note 5)	-	18.910.922	-	(18.910.922)	-
Balance as at Mar 31, 2019	359.244.073	26.826.481	31.436.444	654.394.539	1.071.901.537
Transition Impact of IFRS 16 (Note 9)	-	-	-	(15.308.717)	(15.308.717)
Balance as at April 1, 2019 (Restated)	359.244.073	26.826.481	31.436.444	639.085.822	1.056.592.820
Other comprehensive income	-	-	(1.764.119)	-	(1.764.119)
Profit for the year	-	-	-	597.132.592	597.132.592
Total comprehensive income	-	-	(1.764.119)	597.132.592	595.368.473
Dividend (Note 5)	-	-	-	(243.754.500)	(243.754.500)
Legal reserve (Note 5)	-	19.781.411	-	(19.781.411)	-
Balance as at Mar 31, 2020	359.244.073	46.607.892	29.672.325	972.682.503	1.408.206.793

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Statement of Cash Flows

(Uruguayan Pesos)

	Note	For Year ended March 31, 2020	For Year ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		597.132.592	395.628.223
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortisation expense	9&10	364.619.444	197.219.305
Income tax expense	14	195.994.310	140.542.866
Unrealised foreign exchange (gain) / loss		15.117.908	-
Net gain / loss on disposal of property, plant and equipment	13(c)	-	65.912
Interest income	13(a)	-	(108.883)
Finance cost	13(b)	-	874.141
Net change in			
Trade receivables		(156.252.456)	(117.621.610)
Unbilled receivables		(25.839.724)	(75.148.390)
Other financial assets		(4.105.661)	4.116.453
Other assets		62.745.106	(58.838.288)
Trade and other payables		(211.744.508)	77.868.137
Other financial liabilities		26.040.927	(123.375.024)
Unearned and deferred revenues		13.189.414	(8.014.096)
Employee benefit obligations		11.133.758	56.012.831
Other liabilities		2.793.916	(53.439.195)
Provisions		897.359	4.633.371
Cash generated from operations		891.722.385	440.415.753
Taxes paid		(167.965.063)	141.966.289
Net cash provided by operating activities		723.757.322	582.382.042
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(308.329.173)	(214.604.032)
Dividends received		-	3.509.335
Net cash used in investing activities		(308.329.173)	(211.094.697)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(84.400.693)
Repayment of lease liabilities		(119.561.934)	-
Interest paid		-	(874.141)
Dividends paid		(243.754.500)	(129.932.000)
Net cash used in financing activities		(363.316.434)	(215.206.834)
Net change in cash		52.111.715	156.080.512
Effect of foreign exchange on cash		(12.174.107)	9.260.360
Cash and cash equivalents, beginning of the year		312.589.131	147.248.259
Cash and cash equivalents, end of the year		352.526.739	312.589.131
Supplementary cash flow information			
Interest paid	13 (b)	27.643.075	874.141
Interest received	13 (a)	770.906	108.883
Dividend received	13 (a)	9.124.082	3.509.335

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

Notes forming part of the Financial Statements

1. GENERAL INFORMATION

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.

The Company's main activities are the development of software, and provision of IT services within the tax free zone and offshore.

The financial statements have been approved by the Entity's Board of Directors for their issuance on May 22, 2020 and will be submitted to the Shareholders meeting for approval.

2. STATEMENT OF COMPLIANCE

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.

3. BASIS OF PREPARATION

These financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortised cost 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. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method. In the current year, the company has changed its presentation of interest income and expense as part of operating activities. In the previous year, the same was presented as investing and financing activity respectively. The change in the presentation is to align with the cash flow disclosure of the parent entity.

The functional currency of the Company is the Uruguayan peso. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

4. 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 judgements 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.

Notes forming part of the Financial Statements

The Company uses the following critical accounting estimates in preparation of its financial statements:

a. Revenue Recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

b. Useful lives of property, plant and equipment and intangibles

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

c. 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.

d. Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

e. Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence

Notes forming part of the Financial Statements

or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

f. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5. NATURE AND PURPOSE OF RESERVES

Legal reserve

The legal reserve is a reserve fund created in compliance with article 93 of Law 16.060 for commercial companies, which establishes that no less than 5% of the net profit for the year should be used to increase the mentioned reserve, until it reaches 20% of the paid-in capital.

On May 15, 2019, Ordinary General Meeting of Shareholders determined to create legal reserve for a total of \$ 19.781.411 Uruguayan Pesos.

On May 22, 2018, Ordinary General Meeting of Shareholders determined to create legal reserve for a total of \$18.910.922 Uruguayan Pesos.

Retained earnings

On April 22, 2019 it was determined to distribute dividends in advanced for a total of \$ 77.049.000 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

On August 12, 2019 it was determined to distribute dividends in advanced for a total of \$ 53.851.500 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

On December 4, 2019 it was determined to distribute dividends in advanced for a total of \$ 112.854.000 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

On February 1, 2019 it was determined to distribute dividends in advanced for a total of \$ 129.932.000 Uruguayan Pesos in accordance to article 100 of Law 16.060, which have been cancelled at year end.

Other equity

The balance of the account corresponds to the difference of exchange rate in the Colombia branch with functional currency Colombian Pesos, within an equity account as set forth in NIC 21

6. REGISTRATION OF FINANCIAL STATEMENTS

According to Decree 156/16 dated May 30, 2016, commercial companies will not be able to distribute dividends as long as they do not comply with the obligation to register, within the established terms, the financial statements to the Auditoría Interna de la Nación (AIN), institution that regulates the commercial companies.

To date, the Company has complied with this obligation for the year ended on March 31, 2019. For the year ended on March 31, 2020 the Company has time to comply until September 30, 2020.

7. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS Standards	References to Conceptual Framework ¹
Amendments to IFRS 3	Definition of Business ¹
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate Benchmark Reform ¹
Amendments to IAS 1	Classification of Liabilities ²

¹Effective for annual periods beginning on or after January 1, 2020.

²Effective for annual periods beginning on or after January 1, 2022

IFRS Standards – References to Conceptual Framework

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Amendments primarily either update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised Framework, with effect from January 1, 2020. The Company does not expect the amendment to have any impact on its financial statements.

IFRS 3 – Definition of Business

In October 2018, the IASB issued amendments Definition of a Business (Amendments to IFRS 3) to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments confirmed that a business must include inputs, narrowed the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments primarily provide clearer application guidance. The Company does not expect the amendment to have any impact on its evaluation of whether activities and assets acquired are a business or a group of assets.

IAS 1 and IAS 8 – Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

- Obscuring: The existing definition only focused on omitting or misstating information, however, IASB concluded that obscuring material information with information that can be omitted can have a similar effect.
- Could reasonably be expected to influence: The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- Primary users: The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Company does not expect the amendment to have any impact on its evaluation of 'material' in relation to its financial statements.

IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

In September 2019, IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). The IASB felt that some hedge accounting requirements in IFRS 9 may be affected by uncertainties arising from the impact of the ongoing reform of some major interest rate benchmarks whereby efforts are being made to replace existing benchmarks

Notes forming part of the Financial Statements

with alternative, nearly risk free rates. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors. Therefore, IASB has amended specific hedge accounting requirements to provide exceptions during this period of uncertainty. The amendment primarily states that when determining whether a forecast transaction is highly probable, a company shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform. The Company does not expect the amendment to have any significant impact because the Company hedges currency fluctuation risk and contractual cash flows of hedged items and hedging instruments do not vary significantly with changes in interest rate benchmarks.

IAS 1 – Classification of Liabilities

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the “right” to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

8. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY 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.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired.

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 acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Notes forming part of the Financial Statements

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 issued by the Company are recognised at the proceeds received net of direct issue cost.

Impairment of financial assets (other than at fair value)

The Company assesses at each date of statement 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 recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. 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 allowance 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.

a. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As at March 31, 2020	As at March 31, 2019
Cash - Outside India	75.590	85.523
Current account balances with banks	352.451.149	312.503.608
Total	352.526.739	312.589.131

b. Investments

Investments consist of the following:

	As at March 31, 2020	As at March 31, 2019
Investments – Non current		
Investments carried at Cost		
Fully paid equity shares		
Other investments		
i. Tata Consultancy Services De México S.A. De C.V	906	906
Total Investments - Non current	906	906

c. Trade receivables

Trade receivables consist of the following:

	As at March 31, 2020	As at March 31, 2019
Trade receivables – Current		
Trade receivables	637.493.875	490.761.688
Less: Allowance for doubtful trade receivables	(2.496.930)	(327.658)
Less: Provision for volume discount	(1.611.580)	13.301.121)
Total	633.385.365	477.132.909

Notes forming part of the Financial Statements

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:

	(Uruguayan Pesos)	
	As at March 31, 2020	As at March 31, 2019
Not Due	431.828.559	338.587.816
Overdue 1 to 90 Days	180.858.873	91.096.789
Overdue 91 to 180 Days	-	5.005.901
Overdue 181 to 360 Days	-	10.089.630
Overdue 360 Days	20.697.933	32.352.773
Total past-due portfolio	633.385.365	477.132.909

Trade receivables include balances with related parties. (Refer note 17)

d. Other financial assets

Other financial assets consist of the following:

	(Uruguayan Pesos)	
Other financial assets – Current	As at March 31, 2020	As at March 31, 2019
Employee advances (*)	14.711.174	10.891.179
Loans to employees	88.000	165.000
Others	2.727	17.933
Total	14.801.901	11.074.112

(*) Include recoverable advances to foreign employees deputed in Uruguay and Colombia.

	(Uruguayan Pesos)	
Other financial assets – Non-current	As at March 31, 2020	As at March 31, 2019
Deposits for premises	1.539.590	1.161.718
Total	1.539.590	1.161.718

e. Trade and Other Payables

	(Uruguayan Pesos)	
	As at March 31, 2020	As at March 31, 2019
Trade payables	96.296.233	274.020.469
Accrued expenses	46.621.107	80.641.379
Total	142.917.340	354.661.848

Notes forming part of the Financial Statements

f. Other financial liabilities

Other financial liabilities consist of the following:

(Uruguayan Pesos)

Other financial liabilities – Current

	As at March 31, 2020	As at March 31, 2019
Capital creditors	43.589.030	17.183.553
Security deposits-current	746.450	1.111.000
Total	44.335.480	18.294.553

g. Financial instruments by category

The carrying value of financial instruments by categories as at March 31, 2020 is as follows:

(Uruguayan Pesos)

	Amortised Cost	Total carrying Value
Financial assets:		
Cash and cash equivalents	352.526.739	352.526.739
Trade receivables	633.385.365	633.385.365
Unbilled receivables	233.488.390	233.488.390
Other financial assets	16.341.491	16.341.491
Total	1.235.741.985	1.235.741.985
Financial liabilities:		
Trade payables	142.917.340	142.917.340
Lease liabilities	350.467.178	350.467.178
Other financial liabilities	44.335.480	44.335.480
Total	537.719.998	537.719.998

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

(Uruguayan Pesos)

	Amortised Cost	Total carrying Value
Financial assets:		
Cash and cash equivalents	312.589.131	312.589.131
Trade receivables	477.132.909	477.132.909
Unbilled receivables (previous year: Unbilled revenue)	207.648.666	207.648.666
Other financial assets	12.235.830	12.235.830
Total	1.009.606.536	1.009.606.536
Financial liabilities:		
Trade payables	354.661.848	354.661.848
Other financial liabilities	18.294.553	18.294.553
Total	372.956.401	372.956.401

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at March 31, 2020 and 2019 approximate the fair value. Difference between carrying amounts and fair values of other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented. Fair value measurement of lease liabilities is not required.

Notes forming part of the Financial Statements

h. Fair value hierarchy

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

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

i. 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.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

• Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

The 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 respective functional currency of the Company.

The following analysis has been worked out based on the net exposures for Company as at the date of statement of financial position which could affect the statement of profit or loss and other comprehensive income and equity.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2020 and March 31, 2019:

		(Uruguayan Pesos)							
	USD	GBP	CAD	COP	MXN	ARS	AUD	EUR	DKK
March 31, 2020									
Net financial assets	440.618.723	(419.877)	2	777.297.337	(1.363.867)	1.651.113	62.572	11.493.721	4.462.599
Net financial liabilities	207.375.867	-	-	316.422.687	-	-	-	1 56.607	(30)

		(Uruguayan Pesos)							
	USD	GBP	CAD	COP	MXN	ARS	AUD	EUR	DKK
March 31, 2019									
Net financial assets	431.776.327	(341.251)	-	543.464.052	24.802.875	1.885.409	-	5.221.236	-
Net financial liabilities	208.592.191	-	-	152.855.592	283.567	-	-	-	-

Notes forming part of the Financial Statements

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 taxes by approximately UYU 70.984.719 for the year ended March 31, 2020 and UYU 64.507.730 for the year ended March 31, 2019 respectively.

- Interest rate risk**

The Company is not exposed to interest rate risk.

Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms 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 receivables, investments, cash and cash equivalents, bank deposits and other financial assets. Cash and cash equivalents include an amount of 61.633.945 Uruguayan Pesos held with a bank in Uruguay and 290.324.250 Uruguayan Pesos held with banks in Colombia having high quality credit rating which are individually in excess of 10% or more of the Company's total cash and cash equivalents as at March 31, 2020 (an amount of 198.581.659 Uruguayan Pesos held with a bank in Uruguay and 85.080.424 Uruguayan Pesos held with banks in Colombia as at March 31, 2019). 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 and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was UYU 1.283.495.616 and UYU 1.050.591.983 as at March 31, 2020 and 2019, respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, unbilled receivables, contract assets and other financial assets.

Company's exposure to customers is diversified, and single customer which contributes individually to more than 10 percent of outstanding trade receivable and unbilled receivables and contract assets as at March 31, 2020 and 2019, respectively are as follows:

(Uruguayan Pesos)

	As at March 31, 2020		As at March 31, 2019	
	Total trade receivables, unbilled receivables and contract assets	Percentage	Total trade receivables, unbilled receivables and contract assets	Percentage
Customer B	289.423.690	32	121.649.425	18
Customer A	256.785.600	28	291.213.006	43

Geographic concentration of credit risk

Geographic concentration of trade receivables (net of allowances) and unbilled receivables and contract assets is as follows:

(Net percentage)

Geographic concentration of credit risk

America
Others

As at March 31, 2020	As at March 31, 2019
94	97
6	3

Notes forming part of the Financial Statements

Geographical concentration of trade receivables and unbilled receivable and contract assets is allocated based on the location of the customers.

The allowance for lifetime expected credit loss on trade receivables for the years ended March 31, 2020 and 2019 was 1.679.085 and 328.073, respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

(Uruguayan Pesos)

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the Year	327.658	-
Changes during the year	1.679.085	328.073
Bad Debts written off	-	-
Translation exchange difference	490.187	[415]
Balance at the End of the Year	2.496.930	327.658

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 including lease liabilities as and when they fall due.

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

(Uruguayan Pesos)

	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th years	Total
March 31, 2020					
Non-derivative financial liabilities:					
Trade payables	142.917.340	-	-	-	142.917.340
Lease liabilities (*)	111.476.887	90.846.143	133.550.770	104.769.656	440.643.456
Other financial liabilities	44.335.480	-	-	-	44.335.480
Total	298.729.707	90.846.143	133.550.770	104.769.656	627.896.276
March 31, 2019					
Non-derivative financial liabilities:					
Trade payables	354.661.848	-	-	-	354.661.848
Other financial liabilities	18.294.553	-	-	-	18.294.553
Total	372.956.401	-	-	-	372.956.401

(*) Amounts are presented at nominal value and not book value.

Other risk – Impact of COVID-19

Financial assets carried at amortised cost as at March 31, 2020 is UYU 1.235.741.985.

Financial assets of UYU 352.526.739 as at March 31, 2020 carried at amortised cost is in the form of cash and cash equivalents where the Company has assessed the counterparty credit risk. Trade receivables of UYU 633.385.365 as at March 31, 2020 forms a significant part of the financial assets carried at amortised cost, which is valued considering

Notes forming part of the Financial Statements

provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to customers in Retail, Travel, Transportation and Hospitality, Manufacturing and Energy verticals which could have an immediate impact and the rest which could have an impact with a lag. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no- recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables and contract assets of UYU 281.242.021 as at March 31, 2020 while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables of UYU 2.496.930 as at March 31, 2020 is considered adequate.

j. Equity instruments

The authorised, issued, subscribed and fully paid up share capital consists of the following:

(Uruguayan Pesos)

	As at March 31, 2020	As at March 31, 2019
Authorised		
Equity shares of `1 each	359.244.073	359.244.073
Issued, Subscribed and Fully paid up		
Opening balance of equity shares of `1 each	359.244.073	359.244.073

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 and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

9. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non- lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

Notes forming part of the Financial Statements

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Transition to IFRS 16

In January 2016, International Accounting Standards Board issued the final version of IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. IFRS 16 has replaced IAS 17 Leases, and its related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted IFRS 16, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of IFRS 16 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying IFRS 16 to leases previously classified as operating leases under IAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying IAS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of UYU 292.687.961 and lease liability of UYU 312.133.127 has been recognised. The cumulative effect on transition in retained earnings net of taxes is UYU 15.308.717 (including the deferred tax of UYU 4.690.441). The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per IAS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 5.77 percent has been applied to lease liabilities recognised in the statement of financial position at the date of initial application.

Notes forming part of the Financial Statements

On application of IFRS 16, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of IFRS 16 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The details of the right-of-use asset held by the Company is as follows:

(Uruguayan Pesos)

	Additions for the year ended March 31, 2020	Net carrying amount as at March 31, 2020
ROU Leasehold building	103.373.354	237.415.053
ROU Computer equipment	(28.069)	13.969.402
ROU Leasehold improvements	36.703.171	65.801.670
Total	140.048.456	317.186.125

Depreciation on right-of-use asset is as follows:

(Uruguayan Pesos)

	Net carrying amount as at March 31, 2020
ROU Leasehold building	53.758.355
ROU Computer equipment	56.885.390
ROU Leasehold improvements	7.640.724
Total	118.284.469

Interest on lease liabilities is UYU 27.343.129 for the year ended on March 31, 2020.

The Company incurred UYU 36.502.031 for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow is UYU 183.407.095 for the year ended March 31, 2020 for long term and short term leases.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

10. NON-FINANCIAL ASSETS AND LIABILITIES

a. Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Notes forming part of the Financial Statements

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual values 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:

Leasehold improvements	Term of contract
Computer equipment	4 years
Furniture and fixtures	5 years
Office equipments	4 years
Electrical installations	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. Capital work-in-progress includes capital advances.

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 profit or loss.

Property, plant and equipment consist of the following:

(Uruguayan Pesos)

	Leasehold improvements	Computer equipments	Furniture and fixtures	Office equipments	Electrical Installations	Total
Gross block as at Mar 31, 2019	116.079.512	842.392.360	13.296.288	14.934.396	19.090.134	1.005.792.690
Purchases	21.312.961	304.242.791	824.627	4.117.277	430.449	330.928.105
Effect of foreign currency translations	565.361	7.828.639	79.979	102.635	179.237	8.755.851
Gross block as at Mar 31, 2020	137.957.834	1.154.463.790	14.200.894	19.154.308	19.699.820	1.345.476.646
Accumulated depreciation as at Mar 31, 2019	100.250.135	435.638.624	12.193.998	8.378.478	9.641.685	566.102.920
Depreciation for the year	6.970.129	234.823.858	447.745	2.095.447	1.986.162	246.323.341
Effect of foreign currency translations	511.217	(2.366.420)	64.148	2.359	35.467	(1.753.229)
Accumulated depreciation as at Mar 31, 2020	107.731.481	668.096.062	12.705.891	10.476.284	11.663.314	810.673.032
Net carrying amount as at Mar 31, 2020	30.226.353	486.367.728	1.495.003	8.678.024	8.036.506	534.803.614
Capital work-in-progress	-	1.472.705	-	-	338.153	1.810.858
Total						536.614.472

Notes forming part of the Financial Statements

(Uruguayan Pesos)

	Leasehold improvements	Computer equipments	Furniture and fixtures	Office equipments	Electrical Installations	Total
Gross block as at Mar 31, 2018	113.818.068	634.630.736	12.081.667	8.682.894	18.373.189	787.586.554
Purchases	-	183.382.700	928.354	6.071.290	-	190.382.344
Disposals	-	(97.697)	(25)	-	-	(97.722)
Effect of foreign currency translations	2.261.444	24.476.621	286.292	180.212	716.945	27.921.514
Gross block as at Mar 31, 2019	116.079.512	842.392.360	13.296.288	14.934.396	19.090.134	1.005.792.690
Accumulated depreciation as at Mar 31, 2018	89.902.756	243.179.187	10.366.039	6.580.529	7.460.143	357.488.654
Disposals	-	(31.785)	(25)	-	-	(31.810)
Depreciation for the year	8.212.309	183.625.157	1.446.719	1.816.160	1.897.038	196.997.383
Effect of foreign currency translations	2.135.070	8.866.065	381.265	(18.211)	284.504	11.648.693
Accumulated depreciation as at Mar 31, 2019	100.250.135	435.638.624	12.193.998	8.378.478	9.641.685	566.102.920
Net carrying amount as at Mar 31, 2019	15.829.377	406.753.736	1.102.290	6.555.918	9.448.449	439.689.770
Capital work-in-progress	5.237.577	17.296.508	1.008.975	264.587	602.142	24.409.790
Total						464.099.560

b. Other intangible assets

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.

Intangible assets consist of rights under licensing agreement and software licences. Following table summarises the nature of intangibles and their estimated useful lives:

Type of asset	Useful lives
Rights under licensing agreement and software licences	Lower of licence period and 2-5 years

Intangible assets are amortised on a straight line basis over the period of its economic useful life.

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 profit or loss.

Notes forming part of the Financial Statements

Intangible assets consist of the following:

Intangible assets

	(Uruguayan Pesos)
Gross block as at March 31, 2019	Software Licences
Effect of foreign currency translations	15.046.663
Gross block as at March 31, 2020	129.555
Accumulated depreciation as at March 31, 2019	15.176.218
Amortisation for the year	15.035.455
Effect of foreign currency translations	11.634
Accumulated depreciation as at March 31, 2020	129.129
Net carrying amount as at March 31, 2020	15.176.218
	0

	(Uruguayan Pesos)
Gross block as at March 31, 2018	Software Licences
Effect of foreign currency translations	14.528.446
Gross block as at March 31, 2019	518.217
Accumulated depreciation as at March 31, 2018	15.046.663
Amortisation for the year	14.304.468
Effect of foreign currency translations	221.922
Accumulated depreciation as at March 31, 2019	509.065
Net carrying amount as at March 31, 2019	15.035.455
	11.208

c. Other assets

Other assets consist of the following:

Other assets consist of the following:

		(Uruguayan Pesos)
Other assets – Current		
	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	52.699.100	57.469.693
Advance to suppliers	163.012	48.836.916
Indirect tax recoverable	3.367.938	6.343.323
Prepaid rent - Others	-	135.650
Other current assets	177.192	41.802
Contract assets	44.259.599	40.985.442
Contract fulfillment costs (*)	12.580.933	5.163.007
Total	113.247.774	158.975.833

		(Uruguayan Pesos)
Other assets – Non Current		
	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	11.570.093	30.575.765
Contract assets	3.494.032	5
Contract fulfillment costs (*)	17.894.761	19.954.154
Total	32.958.886	50.529.924

Prepaid rent of UYU 533.991 has been reclassified to right-to-use asset pursuant to transition to IFRS 16.

(*) Contract fulfillment costs of UYU 6.567.041 and UYU 3.655.544 for the years ended March 31, 2020 and 2019, respectively, have been amortised in the profit or loss.

Refer note 11 for changes in contract assets.

Notes forming part of the Financial Statements

d. Other liabilities

Other liabilities consist of the following:

(Uruguayan Pesos)

Other liabilities – Current

Advance received from customers
Indirect tax payable and other statutory liabilities
Total

As at March 31, 2020	As at March 31, 2019
-	48.355
58.882.891	56.040.620
58.882.891	56.088.975

11. REVENUE RECOGNITION

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

Notes forming part of the Financial Statements

The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals, and geography.

Revenue disaggregation by nature of services is as follows:

	(Uruguayan Pesos)	
	Year ended March 31, 2020	Year ended March 31, 2019
Consultancy services	3.987.330.284	3.323.953.255
Sale of equipment and software licences	18.170.346	7.874.206
Total	4.005.500.630	3.331.827.461

Revenue disaggregation by industry vertical is as follows:

	(Uruguayan Pesos)	
	Year ended March 31, 2020	Year ended March 31, 2019
Banking, financial and insurance	2.603.648.054	2.128.029.254
Manufacturing	86.530.880	116.672.917
Retail and consumer products	326.525.960	215.284.431
Communication, media and technology	519.329.830	294.058.467
Others	469.465.906	577.782.392
Total	4.005.500.630	3.331.827.461

Revenue disaggregation by geography is as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
America	3.897.855.468	3.272.120.138
Others	107.645.162	59.707.323
Total	4.005.500.630	3.331.827.461

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Notes forming part of the Financial Statements

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is 1.987.671.290 Uruguayan Pesos out of which 80,73 percentage is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets are as follows:

	(Uruguayan Pesos)
	Year ended March 31, 2020
Balance at the beginning of the year	40.985.447
Revenue recognized during the year	96.089.909
Invoices raised during the year	(89.592.882)
Other movement during the year	(3.020.368)
Translation exchange difference	3.291.525
Balance at the end of the year	47.753.631

	(Uruguayan Pesos)
	Year ended March 31, 2019
Balance at the beginning of the year	22.618.853
Revenue recognized during the year	130.132.159
Invoices raised during the year	(112.301.756)
Translation exchange difference	536.191
Balance at the end of the year	40.985.447

Changes in unearned and deferred revenue (contract liabilities) are as follows:

	(Uruguayan Pesos)
	As at March 31, 2020
Balance at the beginning of the year	(36.002.461)
Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year	28.956.284
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	(43.164.206)
Other movement during the year	3.020.363
Translation exchange difference	(2.001.855)
Balance at the end of the year	(49.191.875)

Notes forming part of the Financial Statements

(Uruguayan Pesos)

	As at March 31, 2019
Balance at the beginning of the year	(44.016.557)
Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year	46.512.344
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	(32.373.842)
Translation exchange difference	(6.124.408)
Balance at the end of the year	(36.002.463)

Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from:

- the inability of our customers to continue their businesses due to financial resource constraints or their services no longer being availed by their customers;
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility;
- customers not in a position to accept alternate delivery modes using Secured Borderless WorkSpaces;
- customers postponing their discretionary spend due to change in priorities;

The Company has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meeting its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage-completion-basis. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

12. OPERATING EXPENSES RECOGNITION

Costs and expenses are recognised when incurred and have been classified according to their primary functions in the following categories:

The costs of the Company are broadly categorized into employee benefits 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 fees to external consultants, facility expenses, travel costs, cost of equipment and software licenses, communication expenses, bad debts and other expenses.

Notes forming part of the Financial Statements

Other operating expenses

(Uruguayan Pesos)

	Year ended March 31, 2020	Year ended March 31, 2019
Fees to external consultants	144.443.223	28.935.121
Facility running expenses	124.631.255	137.430.514
Travel expenses	61.634.667	49.875.314
Communication	29.654.704	23.548.746
Cost of equipment and software licenses	10.907.489	5.373.862
Other expenses	283.148.636	580.935.771
	654.419.974	826.099.328

Expenses by function

(Uruguayan Pesos)

	Year ended March 31, 2020	Year ended March 31, 2019
Cost of revenue	2.284.654.876	2.021.741.097
Selling and administrative expenses	949.278.745	792.936.243
	3.233.933.621	2.814.677.340

13. OTHER INCOME

a. Finance income

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

(Uruguayan Pesos)

	Year ended March 31, 2020	Year ended March 31, 2019
Dividends received - Subsidiaries	9.124.082	3.509.335
Interest revenue - Bank deposits	491.354	-
Net foreign exchange gains	34.872.489	15.716.812
Interest revenue - Other Deposits	279.552	108.883
Total	44.767.477	19.335.030

b. Finance costs

(Uruguayan Pesos)

	Year ended March 31, 2020	Year ended March 31, 2019
Other interest expenses	299.946	874.141
Lease interest	27.343.129	-
Total	27.643.075	874.141

Notes forming part of the Financial Statements

c. Other gains (net)

(Uruguayan Pesos)

	Year ended March 31, 2020	Year ended March 31, 2019
Gain/(loss) on disposal of property, plant and equipment	-	9.153
Others	4.435.491	550.926
Total	4.435.491	560.079

14. 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 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.

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%.

Current tax

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 tax

The Company accounts for the deferred income taxes using the balance sheet approach. 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 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 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.

The income tax expense consists of the following:

(Uruguayan Pesos)

	Year ended March 31, 2020	Year ended March 31, 2019
Current income tax expense	456.204	(621.247)
Domestic	210.318.390	152.998.828
Overseas	210.774.594	152.377.581
Deferred income tax expense / (benefit)	(14.780.284)	(11.834.715)
Domestic	(14.780.284)	(11.834.715)
Total income tax expense	195.994.310	140.542.866

Notes forming part of the Financial Statements

The reconciliation of income tax expense and book net income is as follows:

(Uruguayan Pesos)

	Year ended March 31, 2020	Year ended March 31, 2019
Income before income taxes	793.126.902	536.171.089
Income 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	210.318.390	152.998.828
Deferred Tax	(14.780.284)	(11.834.715)
Other permanent differences :		
WHT on dividends	456.204	(621.247)
Total income tax expense	195.994.310	140.542.866

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

(Uruguayan Pesos)

	Year ended Mar 31, 2019	Recognised / reversed through profit or loss	Recognised/ reversed through retained earnings	Unrealized translation adjustment	Year ended Mar 31, 2020
Originated by:					
Property, plant and equipment	31.360.697	15.802.995	-	336.489	47.500.181
Transition Impact of IFRS 16	-	(86.106)	4.690.441	2.363	4.606.698
Other	313.501	(936.605)	-	(442.927)	(1.066.031)
	31.674.198	14.780.284	4.690.441	(104.075)	51.040.848

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(Uruguayan Pesos)

	Year ended Mar 31, 2019	Recognised / reversed through profit or loss	Recognised/ reversed through retained earnings	Unrealized translation adjustment	Year ended Mar 31, 2020
Originated by:					
Property, plant and equipment	8.448.757	22.911.940	-	-	31.360.697
Operating loss carry forward	3.820.702	(4.113.703)	-	293.001	-
Other	6.828.642	(6.963.522)	-	448.381	313.501
	19.098.101	11.834.715	-	741.382	31.674.198

Direct tax contingencies

The Company has contingent liability of UYU 92.870.702 and UYU 92.111.146 as at March 31, 2020 and 2019, respectively, in respect of tax demands which are being contested by the Company based on the management evaluation and advice of tax consultants. The Company has evaluated and concluded that this tax demand by authorities will not succeed on ultimate resolution.

Notes forming part of the Financial Statements

15. EMPLOYEE BENEFITS

Defined contribution plans

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

The Company provides benefits such as superannuation, provident fund (other than Company managed fund) and foreign defined contribution plans to its employees which are treated as defined contribution plans.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is 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.

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.

Employee cost consist of the following:

(Uruguayan Pesos)

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, incentives and allowances	1.970.942.435	1.584.775.892
Contributions to Provident and Other Funds	211.200.299	162.667.747
Staff Welfare	32.751.469	43.915.068
	2.214.894.203	1.791.358.707

Employee benefit obligations consist of the following:

(Uruguayan Pesos)

	As at March 31, 2020	As at March 31, 2019
Employee benefit obligations – Current		
Benefits to employees	112.577.407	99.878.077
Accrued payroll	58.563.285	60.515.263
Other employee benefit obligations	1.443.091	1.056.685
Total	172.583.783	161.450.025

16. COMMITMENTS AND CONTINGENCIES

Capital commitments

The Company has contractually committed (net of advances) UYU 14.748.674 and UYU 7.846 as at March 31, 2020 and 2019, respectively, for purchase of property, plant and equipment.

Contingencies

- Direct tax matters**

Refer to Note No.14

- Indirect tax matters**

There are no contingency in relation to Indirect tax matters.

- Other claims**

There are no claims against the Company that have not been acknowledged as debts as at March 31, 2020 and 2019.

Notes forming part of the Financial Statements

17. RELATED PARTY TRANSACTIONS AND BALANCES

Company's principal related parties consist of its ultimate holding company Tata Consultancy Services Limited and its subsidiaries, affiliates and key managerial personnel. The company's related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

Transactions with related parties are as follows:

(Uruguayan Pesos)

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations		
Tata Consultancy Services Limited	1.004.580.542	806.174.474
Subsidiaries of Tata Consultancy Services Limited		
Tata America International Corporation	708.887	17.541.533
Tata Consultancy Services Asia Pacific Pte Ltd.	5.522.584	15.673.261
Tata Consultancy Services Belgium	37.204.652	-
Tata Consultancy Services Chile S.A.	16.065.643	5.462.515
Tata Consultancy Services De Mexico S.A.,De C.V.	(629.820)	14.510.515
Tata Consultancy Services Deutschland GmbH	17.243.488	22.394.427
Tata Consultancy Services France SA	986.438	-
Tata Consultancy Services Netherlands BV	1.808.682	-
Tata Consultancy Services Switzerland Ltd.	35.920.362	20.319.983
TATASOLUTION CENTER S.A.	7.390.661	4.882.792
Tata Consultancy Services Canada Inc.	-	1.315.791
Total	1.126.802.119	908.275.291
Dividend Income		
Subsidiaries of Tata Consultancy Services Limited		
Tata Consultancy Services De Mexico S.A.,De C.V.	9.124.082	3.509.335
Total	9.124.082	3.509.335
Purchases of goods and services (including reimbursements)		
Tata Consultancy Services Limited	314.506.728	281.949.403
Subsidiaries of Tata Consultancy Services Limited		
MGDC S.C.	360.803	366.770
Tata America International Corporation	(939.379)	(1.392.741)
Tata Consultancy Services Argentina S.A.	1.456.061	1.966.011
Tata Consultancy Services Chile S.A.	5.058.628	1.890.101
Tata Consultancy Services De Mexico S.A.,De C.V.	24.093.635	20.989.769
Tata Consultancy Services Do Brasil Ltda	7.096.291	-
TCS Inversiones Chile Limitada	27.852.929	24.727.603
TCS Uruguay S. A.	179.993	-
Total	379.665.689	330.496.916
Brand equity contribution		
Tata Sons Private Limited, its subsidiaries and associates		
Tata Sons Private Limited	7.179.464	6.078.578
Total	7.179.464	6.078.578
Dividend paid		
Subsidiaries of Tata Consultancy Services Limited		
TCS Iberoamerica SA	243.754.500	129.932.000
Total	243.754.500	129.932.000
Interest charges on loans received		
Subsidiaries of Tata Consultancy Services Limited		
Tata Consultancy Services De Mexico S.A.,De C.V.	-	874.141
Total	-	874.141

Notes forming part of the Financial Statements

Balances receivable from related parties are as follows:

(Uruguayan Pesos)

	As at March 31, 2020	As at March 31, 2019
Trade receivables and unbilled receivables and contract assets		
Tata Consultancy Services Limited	289.423.690	149.699.081
Subsidiaries of Tata Consultancy Services Limited		
Tata America International Corporation	1.488.763	(3.358.093)
Tata Consultancy Services Argentina S.A.	30.258.945	24.073.311
Tata Consultancy Services Asia Pacific Pte Ltd.	1.496.962	441.814
Tata Consultancy Services Belgium	11.128.598	-
Tata Consultancy Services Canada Inc.	(198.328)	(154.410)
Tata Consultancy Services Chile S.A.	6.711.587	5.586.844
Tata Consultancy Services De Mexico S.A.,De C.V.	(1.538.553)	24.629.839
Tata Consultancy Services Deutschland GmbH	(9.642.803)	5.221.236
Tata Consultancy Services Netherlands BV	419.991	-
Tata Consultancy Services Switzerland Ltd.	6.661.651	5.016.335
TATASOLUTION CENTER S.A.	1.848.019	975.651
Tata Consultancy Services France SA	1.060.515	-
Total	358.404.643	212.131.608
Loans, other financial assets and other assets		
Tata Consultancy Services Limited	33.578.982	-
Total	33.578.982	-

Balances payable to related parties are as follows:

(Uruguayan Pesos)

	As at March 31, 2020	As at March 31, 2019
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities		
Tata Sons Private Limited, its subsidiaries and associates		
Tata Sons Private Limited	7.179.464	6.078.578
Tata Consultancy Services Limited	99.983.424	82.407.312
Subsidiaries of Tata Consultancy Services Limited		
MGDC S.C.	204.772	486.043
Tata Consultancy Services Chile S.A.	2.909.356	181.698
Tata Consultancy Services De Mexico S.A.,De C.V.	5.120.373	197.078.759
Tata Consultancy Services Do Brasil Ltda	2.738.024	-
TCS Inversiones Chile Limitada	6.819.872	6.635.019
Tata Consultancy Services Deutschland GmbH	5.374.034	1.601
Tata Consultancy Services Switzerland Ltd.	1.256.823	-
Tata America International Corporation	-	5.172.503
Tata Consultancy Services Argentina S.A.	-	68.680
Tata Consultancy Services De Espana S.A.	-	(959.538)
TATASOLUTION CENTER S.A.	1	13.836
Total	131.586.143	297.164.491

Notes forming part of the Financial Statements

Compensation to key management personnel

(Uruguayan Pesos)

	Year ended March 31, 2020	Year ended March 31, 2019
Short-term benefits	26.391.317	25.735.530
Total	26.391.317	25.735.530

18. SUBSEQUENT EVENT

COVID-19 was declared pandemic by the World Health Organization on March 11, 2020, significantly impacting, amongst others, on economic conditions, businesses and consumers. To date, the evolution of the pandemic is highly uncertain and, consequently, it is not possible to reliably estimate the impact that it will have on the financial situation of the Company, on the results of its operations and on its cash flows in future periods. Company's specific assessment and possible impacts have been addressed on notes 8, 9 and 11. The Company is monitoring the situation to ensure common health and safety in line with the recommendations of the National Government.

TATA CONSULTANCY SERVICES ARGENTINA S.A.

**Letter to shareholders and financial
statements as of March 31, 2020**

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 AND MARCH 31, 2019

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To the Shareholders of

Tata Consultancy Services Argentina S.A.

In compliance with legal provisions in force and the bylaws, the Board of Directors is pleased to submit for your consideration the following documentation for the fiscal year ended March 31, 2020: the letter to shareholders, balance sheet, statements of profit or loss, changes in shareholders' equity and cash flows, notes 1 to 12 and exhibits I to IV, the independent auditors' report and supervisory auditor's report.

1. Main contents of business policies and objectives

a. Company's business, background and structure

The Company's main business is to sell and provide IT design services.

b. Financial position and business development

Net sales for the year ended March 31, 2020 amounted to \$ 438,851,881, accounting for a 4.29% increase compared with net sales for the prior year, which amounted to \$ 419,166,835. Costs increased by 9.86% whereas expenses went up by 14.47%. As of March 31, 2020, current assets are higher than current liabilities. Non-current assets are lower than non-current liabilities, which are mainly related to payables to related companies.

The amounts included in the Statement of changes in shareholders' equity are stated in constant currency as of March 31, 2020.

c. Decision taking and internal control

As it relates to decision taking, the Company is ruled by decisions adopted at meetings of directors and shareholders. However, various systems have been implemented in relation to strategic planning, administrative procedures, IT and communication, personnel assessment and management and quality control, contributing to a proper internal control, to ensure that objectives are achieved efficiently and effectively, based on reliable financial information and in compliance with laws and regulations in force.

2. Comparative financial statements:

Description	As at March 31, 2020	As at March 31, 2019
1 Solvency (1)	0.19	0.36
2 Current liquidity (2)	2.31	13.07
3 Non-current assets (3)	0.06	0.03
4 Profitability (4)	(2.30)	(0.29)

(1) Shareholders' equity/Total liabilities

(2) Current assets /Current liabilities

(3) Non-current assets/Total assets

(4) Net income or loss/Average shareholders' equity)

3. Related companies (Art. 33 Law 19550, as amended)

As described in note 6 to the financial statements, balances as of March 31, 2020 and 2019 with related companies are as follows:

(Amount in ARS)

Current receivables

For services

Tata America International Corporation	-
Tata Consultancy Services Netherlands B.V.	-
Tata Consultancy Services Deutschland GmbH	-
Tata Consultancy Services Limited	8,297,539

Total

Other receivables

TCS Iberoamerica S.A.	86,942,000
TCS Uruguay S.A.	-

Total

Non current payables

Trade

Tata America International Corporation	3,505,982
TCS Solution Center Sucursal Colombia	45,325,720
Tata Consultancy Services Limited	124,612,262
MGDC S.C.	-
TCS Uruguay S.A.	-
Tata Consultancy Services de México, S.A. de C.V. DRAFT	47,036,755

Total

As at March 31, 2020	As at March 31, 2019
-	39,402
-	64,277
-	7,447,889
8,297,539	6,033,407
8,297,539	13,584,975
86,942,000	402,435,803
-	32,665,215
86,942,000	435,101,018
3,505,982	3,524,309
45,325,720	46,742,842
124,612,262	313,066,894
-	412,481
-	263,235
47,036,755	50,799,308
220,480,719	414,809,069

4. Profit or loss structure comparative with the prior year:

a. Comparative balance sheet structure

(Amount in ARS)

Current assets

Non-current assets

Total assets

Current liabilities

Non-current liabilities

Total liabilities

Shareholders' equity

Total liabilities + Shareholders' equity

As at March 31, 2020	As at March 31, 2019
307,393,430	627,450,640
20,754,671	17,574,375
328,148,101	645,025,016
133,208,174	47,989,486
143,438,216	427,295,996
276,646,390	475,285,482
51,501,711	169,739,534
328,148,101	645,025,016

b. Comparative consolidated financial position

(Amount in ARS)

	As at March 31, 2020	As at March 31, 2019
Net sales	438,851,881	419,166,835
Cost of services	(287,737,074)	(264,232,398)
Gross profit	151,114,807	154,934,437
Selling expenses	(35,065,187)	(17,903,805)
Administrative expenses	(120,112,442)	(120,140,930)
Other operating expenses	(32,036,392)	(21,946,867)
Other net income	2,764,746	5,676,067
Financial gains / losses (including gain or loss on net monetary position - RECPAM)	(81,934,608)	(49,109,189)
Loss before income tax	(115,269,076)	(50,490,287)
Income tax	(2,968,747)	1,259,584
Net loss	(118,237,823)	(49,230,703)

c. Cash flow structure

(Amount in ARS)

	As at March 31, 2020	As at March 31, 2019
Cash at beginning of the year	61,500,813	47,734,535
Ordinary operating activities	(179,714,226)	(53,125,534)
Investing activities	(4,578,764)	(5,085,816)
Financing activities	278,111,089	92,337,314
Financing activities	(32,396,051)	(20,359,686)
Cash at year-end	122,922,861	61,500,813
Net increase	61,422,048	13,766,278

5. Income/loss for the year

During this fiscal year, the Company recorded a loss in the amount of \$ 118,237,823

6. Directors' and Supervisory Auditors' compensation

The members of the Board of Directors and the Supervisory Auditors have communicated, as in prior years, their decision not to receive any compensation for their performance during the year under analysis, in each of their related positions, with the exception of Alberto Arana, who has been assigned fees for his services to the Company during the year.

7. Company's prospects and objectives for next fiscal year

Prospects for this year are encouraging, considering the substantial improvement in the results of each project.

Finally, we wish to express our gratitude to our customers, suppliers, advisors and financial entities that have supported us and, particularly, to all our staff for the commitment and cooperation shown.

City of Buenos Aires, May 22, 2020

THE BOARD OF DIRECTORS

Financial statements for fiscal year No. 19 beginning April 1, 2019 and ended March 31, 2020 comparative with the prior year

Stated in constant currency - pesos (Note 2.1)

Legal address: Uspallata 3046, City of Buenos Aires

Main activity: Services in the information technology sector.

Date of registration with the Public Registry of Commerce: November 29, 2001

Registration date 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 6):

Name: TCS Iberoamérica S.A.

Legal address: Monte Caseros 2.600, Montevideo, Uruguay

Main activity: Holding Company

Ownership interest: 99.34%

Voting stock: 99.34%

Capital structure at nominal value (Notes 2.1, 5 and 6):

Quantity	Shares Type, nominal value and No. of votes per share	Subscribed and paid-in	Registered
		47,127,767	42,127,767

Statement of Financial Position

(Amount in ARS)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Current assets			
Cash and banks	3.1	67,857,216	61,500,813
Short term investments	3.2	56,976,451	-
Accounts receivable	3.3	64,225,115	96,553,793
Other receivables	3.4.1	118,334,648	469,396,034
Total current assets		307,393,430	627,450,640
Non-current assets			
Other receivables	3.4.2	12,929,869	12,100,531
Fixed assets	2.3.4 and Exhibit I	7,824,802	5,473,845
Total non-current assets		20,754,671	17,574,376
TOTAL ASSETS		328,148,101	645,025,016
LIABILITIES			
Current liabilities			
Payables			
Trade	3.5.1	100,830,687	14,020,985
Payroll and social security contributions	3.6	30,257,659	31,599,543
Taxes payable	3.7.1	1,668,506	2,098,716
Customer advances	2.3.11	255,771	-
Other liabilities	3.8	195,551	270,242
Total current liabilities		133,208,174	47,989,486
Non-current liabilities			
Payables			
Trade	3.5.2	133,111,660	412,056,248
Taxes payable	3.7.2	2,774,911	179,111
Allowances	2.3.5 and Exhibit II	7,551,645	15,060,637
Total non-current liabilities		143,438,216	427,295,996
TOTAL LIABILITIES		276,646,390	475,285,482
SHAREHOLDERS' EQUITY (as per related statement)		51,501,711	169,739,534
Total liabilities and shareholders' equity		328,148,101	645,025,016

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

Statement of Profit or Loss

(Amount in ARS)

	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from sales of services and equipment	4.1	438,851,881	419,166,835
Cost of services (Exhibit IV)		(287,737,074)	(264,232,398)
GROSS PROFIT		151,114,807	154,934,437
Selling expenses (Exhibit IV)		(35,065,187)	(17,903,805)
Administrative expenses (Exhibit IV)		(120,112,442)	(120,140,930)
Other operating expenses (Exhibit IV)		(32,036,392)	(21,946,867)
Financial gains/losses, including gain or loss on net monetary position - RECPAM (*)		(81,934,608)	(49,109,189)
Other income and expenses - net	4.2	2,764,746	3,676,067
LOSS BEFORE INCOME TAX		(115,269,076)	(50,490,287)
Income tax benefit	8	(2,968,747)	1,259,584
NET LOSS		(118,237,823)	(49,230,703)

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

* Net gain or loss on net monetary position

Statement of changes in Equity

(Amount in ARS)

	Shareholders' contributions				Total equity as of	
	Subscribed capital (1)	Capital adjustment	Additional paid-in capital	Unappropriated retained earnings	For the year ended March 31, 2020	For the year ended March 31, 2019
Balances at beginning of year	47,127,767	304,240,656	520,020,492	(701,649,381)	169,739,534	(308,468,095)
Capital increase (2)	-	-	-	-	-	527,438,332
Net loss	-	-	-	(118,237,823)	(118,237,823)	(49,230,703)
Balances at year-end	47,127,767	304,240,656	520,020,492	(819,887,204)	51,501,711	169,739,534

(1) For legal reasons, the Subscribed capital is presented at nominal value.

(2) Approved by the Shareholders' Meeting held on February 22, 2019. See Note 5.

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

Statement of Cash Flows

(Amount in ARS)

CHANGES IN CASH	Note	For Year ended March 31, 2020	For Year ended March 31, 2019
Cash at beginning of year		61,500,813	47,734,535
Cash at year-end	2.3.14	122,922,861	61,500,813
Net increase in cash		61,422,048	13,766,278
CAUSES OF CHANGES IN CASH			
OPERATING ACTIVITIES			
Net loss		(118,237,823)	(49,230,703)
Less: income tax accrued during the year		2,968,747	(1,259,584)
Adjustments to achieve net cash flows provided by operating activities:			
Depreciation of fixed assets		2,227,807	7,301,157
Net decrease in allowances		(2,164,840)	(13,327,141)
RECPAM(*) of cash and non-operating activities		27,487,042	20,359,688
Sundry		-	(45,821)
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable		29,982,729	(24,872,268)
Decrease in other receivables		71,748,012	4,240,980
(Decrease) increase in trade payables		(192,134,886)	12,313,509
(Decrease) increase in payroll and social security contributions		(1,341,884)	3,210,793
Decrease in taxes payable		(430,210)	(2,192,781)
Decrease in other liabilities		(74,691)	(1,583,683)
Increase in customer advances		255,771	-
Income tax paid		-	(8,039,680)
Net cash flows used in by operating activities		(179,714,226)	(53,125,534)
INVESTING ACTIVITIES			
Acquisition of fixed assets		(4,578,764)	(5,085,816)
Net cash flows used in investing activities		(4,578,764)	(5,085,816)
FINANCING ACTIVITIES			
Total paid-in capital		278,111,089	92,337,314
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		278,111,089	92,337,314
RECPAM(*) of cash		(32,396,051)	(20,359,686)
Net increase in cash		61,422,048	13,766,278

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

*Gain or loss on net monetary position

Notes forming part of the Financial Statements

1. Description of the business and financial position

1.1 Description of the business

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 and communications 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.

1.2 Financial situation of the Company

During the last years the Company has incurred in recurring losses, having needed capital contributions to avoid its dissolution due to loss of share capital. As of March 31, 2020, the Company presents a positive net equity of \$ 50.7 million, although the existence of credits with shareholders for non-integrated contributions of \$ 86.9 million. The principal shareholder has the intention and capacity to continue providing financial support to the Company if necessary.

2. Accounting standards

The financial statements have been prepared in accordance with the professional accounting standards in force set forth by the Technical Resolutions issued by the Argentine Federation of Professional Councils of Economic Sciences (FACPCE) and approved by the Professional Council of Economic Sciences of the City of Buenos Aires (CPCECABA), and considering the provisions of the Companies Law and the regulations of the Supervisory Board of Companies (I.G.J.). The most significant accounting standards applied by the Company have been as follows:

2.1 Reporting currency

These financial statements have been prepared in constant currency (Argentine pesos purchasing power at the end of the current reporting period) in accordance with I.G.J. General Resolution 10/2018, effective December 28, 2018, and Resolution 107/2018 issued by the Steering Committee (CD) of the CPCECABA, as amended, which provided for the need to restate the financial statements for fiscal years ended on or after July 1, 2018 in constant currency, in line with Resolution 539/2018 issued on September 29, 2018 by the Governing Board (JG) of the FACPCE. Moreover, JG FACPCE Resolution No. 539

- a. identified the existence of an inflationary context as from July 1, 2018, as the accumulated inflation rate estimated by the Internal Wholesale Price Index (IPIM) in the most recent three years had exceeded 100%; a necessary condition to restate the financial statement amounts in accordance with the guidelines set by RT 39 of the FACPCE “Professional accounting standards: amendments to RT Nos. 6 and 17. Restatement in constant currency”, and
- b. approved the general and particular standards to be considered in terms of restatement of financial statements in constant currency in accordance with the adjustment methods set forth by RT 6 “Financial statements in constant currency”, including certain optional simplification.

Upon applying RT 6, the monetary restatement of accounting information (non-monetary assets and liabilities, equity items, and revenues and expenses) must be retroactive as if the economy had always been hyperinflationary, using indexation rates derived from a series of indexes resulting from the combination of the Consumer Price Index (IPC) at a general level, published by the National Institute of Statistics and Censuses (INDEC), with base month December 2016 = 100, with the IPIM at a general level, published by the INDEC for prior periods.

In addition, prior fiscal year figures presented for comparative purposes shall be restated for inflation, which does not imply changes in the decisions taken based on the financial information for such fiscal year.

2.2 Criteria for recognition, measurement and presentation of assets, liabilities, shareholders’ equity, revenue and cash flows

These financial statements have been prepared in accordance with the presentation criteria set forth by the Technical Resolutions of the FACPCE.

Notes forming part of the Financial Statements

For comparative purposes only, certain reclassifications were made to prior-year information 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.

Using the simplification introduced by Resolution 11/2019 issued by the Steering Committee of the CPCECABA, the Company opted not to present the reconciliation required up to that date by accounting standards in force between the income tax charged to P&L and that resulting from applying the the prevailing tax rate to the income or loss for accounting purposes.

2.3 Valuation criteria

The Company has consistently adopted the following recognition and measurement criteria in the preparation of the financial statements:

2.3.1 Revenue recognition

Revenues from the provision of services are recognized as services are provided.

Income derived from the provision of services relating to a project is recognized in the statement of profit or loss in proportion to the percentage of completion of the transaction at year-end. The percentage of completion is valued in accordance with the progress achieved.

Sales of equipment are recognized in the income statement when the significant risks and benefits of ownership of the goods are transferred to the buyer.

Revenue is shown net of discounts.

2.3.2 Short-term investments

Time deposits: at nominal value plus interest accrued at period-end.

2.3.3 Foreign currency

Transactions agreed in foreign currency are converted to Argentine pesos at the exchange rate prevailing to the date of the transaction.

The assets and liabilities stated in foreign currency are converted into Argentine pesos by applying the exchange rates prevailing at year-end.

Exchange gains / losses are recognized in Financial gains / losses (including RECPAM) of the Statement of profit or loss.

2.3.4 Fixed assets

They have been valued at acquisition cost restated under Note 2.1, net of the related accumulated depreciation. 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.

Notes forming part of the Financial Statements

2.3.6 Income tax

The income tax is recognized by applying the deferred tax method. Based on such method, besides the provision for the tax payable for the year,

The future tax effect of the tax loss carryforwards, if any, and of the deductible temporary differences derived from the valuation of assets and liabilities for accounting purposes in constant currency and for tax purposes are recognized as deferred tax assets, to the extent of the recoverability thereof through future taxed earnings, and

The future tax effects of the temporary differences between the valuation for accounting purposes in constant currency and for tax purposes of assets and liabilities are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are stated at nominal value (not discounted), derived from applying to the recognized temporary differences the income tax rate effective at the date when reversal is expected, and presented in their net amount as non-current assets or liabilities, as applicable.

The annual variation in net deferred tax assets or liabilities is recorded as an income tax expense or benefit, as applicable.

2.3.7 Minimum presumed income tax

The Company determines the minimum presumed income tax 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, 2020, the Company has not set up any provision for IGMP due to the decision to adopt during the year the case law arising from the proceedings of Hermitage S.A. The judgment was issued by the Supreme Court and deemed as unconstitutional the minimum presumed income tax liability in those cases where the taxpayer is unable to compute it as a credit towards future income tax because the taxpayer's tax returns record recurrent tax loss carryforwards.

As of March 31, 2020, the Company's accumulated IGMP credit balance amounts to \$ 4,008,973, generated in prior fiscal years. As the Company estimates that it will generate taxable income before the limitation period, the balance has been recorded in Other non-current receivables.

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 non-current assets, the income tax benefit 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 preparation of these financial statements.

2.3.9 Profit and loss accounts

Original values have been restated in year-end currency, except for:

a Depreciation

Depreciation and amortization expenses were calculated by applying the depreciation and amortization rates to restated amounts determined as indicated in Note 2.3.4.

b Financial gains/(losses) (including gain or loss on net monetary position - RECPAM).

It is determined based on the difference between the income/loss for the year and the subtotal of the Statement of income accounts restated in constant currency. It includes:

- the gain or loss on net monetary position, and
- financial gains.

2.3.10 Lease agreements in force

The Company classifies its lease agreements into "financial" or "operating" leases in accordance with the provisions of Technical Resolution 18 of FACPCE, and pursuant to the economic substance thereof.

As of March 31, 2020, the Company does not have any financial lease in force. Operating leases costs are accrued over the term of the agreement.

2.3.11 Customer advance

The Company has received customer advances in local currency, which have been recognized at their restated value at year-end, as described in Note 2.1.

Accounts receivable are stated according to their likelihood of recovery. When there is an intention and possibility of an early negotiation, they are stated at net realization value.

Receivables with related parties that do not accrue any interest are stated at nominal value.

Each time financial statements are prepared, the recoverability of accounts receivable is analyzed by estimating future collections and considering the existence of guarantees with a high likelihood of foreclosure. An allowance for bad debts is recognized in the amount deemed non-recoverable; the changes in the allowance are recorded in Financial and holding gains/losses (including gain or loss on net monetary position - RECPAM) of the Statement of profit or loss.

2.3.12 Receivables

Accounts receivable are stated according to their likelihood of recovery. When there is an intention and possibility of an early negotiation, they are stated at net realization value.

Receivables with related parties that do not accrue any interest are stated at nominal value. Each time financial statements are prepared, the recoverability of accounts receivable is analyzed by estimating future collections and considering the existence of guarantees with a high likelihood of foreclosure. An allowance for bad debts is recognized in the amount deemed non-recoverable; the changes in the allowance are recorded in Financial and holding gains/losses (including gain or loss on net monetary position - RECPAM) of the Statement of profit or loss.

2.3.13 Accounts payable

Payables are stated according to their likelihood of recovery. When there is an intention and possibility of an early settlement, they are stated at settlement value.

The remaining payables are stated at their original value plus interest calculated by applying the effective rate determined upon initial recognition, less payments made.

Payables with related parties that do not accrue any interest are stated at nominal value. Payables in foreign currency are stated in Argentine Pesos at the exchange rate prevailing at year-end.

2.3.14 Statement of cash flows

The Company presents the statement of cash flows by applying the indirect method. Cash includes cash and banks and cash equivalents. Cash equivalents include short-term and highly liquid investments that can be easily converted into cash known beforehand, and are subject to insignificant exchange rate risks.

All the accounts of this statement are stated in constant currency at the end of the reporting period.

The monetary gain/loss provided by cash and cash equivalents is presented in the statement of cash flows segregated from the cash flows provided by operating, investing and financing activities, as a specific item of the reconciliation between cash and cash equivalents at the beginning and end of the fiscal year.

Balances included in Cash and cash equivalents are as follows:

(Amount in ARS)

	As at March 31, 2020	As at March 31, 2019
Cash and banks	67,857,216	61,500,813
Bank accounts subject to attachment in local currency	(1,910,806)	-
Short-term investments	56,976,451	-
Total	122,922,861	61,500,813

Notes forming part of the Financial Statements

2.3.15 Shareholders' equity

Shareholders' equity balance adjusted at beginning of year have been adjusted at year-end by applying the indexation rates described in Note 2.1.

The capital was restated in constant currency, as indicated in Note 2.1. The difference between the restated amount and the nominal value is disclosed as "Capital adjustment".

Retained earnings and unappropriated retained earnings have been restated at year-end, under Note 2.1.

Income for the year was determined based on the difference between the algebraic sum of the equity at the beginning plus the quantitative movements of the equity and the equity at the closing, measured in constant currency as of March 31, 2020.

3. Breakdown of the main balance sheet accounts

		(Amount in ARS)	
3.1 Cash and bank	Note	As at March 31, 2020	As at March 31, 2019
Cash in local currency		28,576	21,650
Banks in local currency		36,908,481	16,855,398
Banks in foreign currency	Exhibit III	30,920,159	44,623,765
Total		67,857,216	61,500,813

As of March 31, 2020, the partial balance of the bank account in local currency is subject to a judicial attachment in an amount of \$ 1,910,806.

		(Amount in ARS)	
3.2 Short term investments	Note	As at March 31, 2020	As at March 31, 2019
Time deposit in local currency (*)		56,976,451	-
Total		56,976,451	-

(*) As of March 31, 2020, the time deposit accrues interest at an annual nominal rate of 29%.

		(Amount in ARS)	
3.3 Accounts receivable	Note	As at March 31, 2020	As at March 31, 2019
Ordinary in local currency		28,707,120	60,282,282
Ordinary in foreign currency	Exhibit III	869,500	11,687,882
Other related parties in local currency	6	1,861,821	39,402
Other related parties in foreign currency	6 and Exhibit III	6,435,718	12,667,380
Services to be invoiced in local currency		28,004,651	10,998,654
Services to be invoiced in foreign currency	Exhibit III	692,254	-
Other related parties - services to be invoiced in foreign currency	6 and Exhibit III	-	878,193
Less: Allowance for bad debts	2.3.5 and Exhibit II	(2,345,949)	-
Total		64,225,115	96,553,793

Notes forming part of the Financial Statements

3.4 Other receivables

(Amount in ARS)

3.4.1 Current	Note	As at March 31, 2020	As at March 31, 2019
Other related parties in foreign currency	5, 6 and Exhibit III	86,942,000	435,101,018
Income tax credit balance		6,372,776	7,211,167
Turnover tax credit balance		175,718	244,099
Value added tax credit balance		14,073,531	15,135,142
Tax on bank debits and credits - credit balance		3,945,357	2,230,571
Security deposits in foreign currency	Exhibit III	-	3,882,840
Prepaid expenses		3,257,758	1,323,061
Advances to directors		2,291,481	2,355,009
Sundry		1,276,027	1,913,127
Total		118,334,648	469,396,034

(Amount in ARS)

3.4.2 Non-current	Note	As at March 31, 2020	As at March 31, 2019
Income tax credit balance		3,209,326	-
Minimum presumed income tax credit balance	8	4,008,973	6,381,473
Security deposits in foreign currency	Exhibit III	5,711,570	5,719,058
Total		12,929,869	12,100,531

3.5 Accounts payable

(Amount in ARS)

3.5.1 Current	Note	As at March 31, 2020	As at March 31, 2019
Suppliers in local currency		11,565,862	9,960,683
Suppliers in foreign currency	Exhibit III	253,599	849,288
Provision for invoices to be received		-	66,651
Provision for invoices to be received in foreign currency	Exhibit III	811,157	-
Other related parties in local currency	6	76,854,564	2,752,821
Other related parties in foreign currency	6 and Exhibit III	9,543,312	-
Other related parties-provision for invoices to be received	6	971,183	-
Other provisions		831,010	391,542
Total		100,830,687	14,020,985

Notes forming part of the Financial Statements

(Amount in ARS)

3.5.2 Non-current

Other related parties in local currency
Other related parties in foreign currency
Total

Note

6
6 and Exhibit III

As at March 31, 2020	As at March 31, 2019
40,516,209	89,782,376
92,595,451	322,273,872
133,111,660	412,056,248

(Amount in ARS)

3.6 Payroll and social security contributions

Salaries and wages
Social security contributions
Provision for vacations
Provision for thirteenth-month salary
Provision for bonuses
Total

Note

As at March 31, 2020	As at March 31, 2019
10,531,113	12,055,504
5,613,982	6,275,703
9,163,330	7,826,342
4,250,587	4,387,675
698,647	1,054,319
30,257,659	31,599,543

3.7 Taxes payable

(Amount in ARS)

3.7.1 Current

Withholdings to be deposited - Turnover tax
Withholdings to be deposited
Wealth tax
Total

Note

As at March 31, 2019	As at March 31, 2018
163,694	224,111
1,373,163	1,874,605
131,649	-
1,668,506	2,098,716

(Amount in ARS)

3.7.2 Non-current

Deferred tax liabilities
Total

Note

8

As at March 31, 2020	As at March 31, 2019
2,774,911	179,111
2,774,911	179,111

(Amount in ARS)

3.8 Other liabilities

Provision for rentals payable in foreign currency
Total

Note

Exhibit III

As at March 31, 2020	As at March 31, 2019
195,551	270,242
195,551	270,242

Notes forming part of the Financial Statements

4. Breakdown of the main balance sheet accounts

4.1 Revenue from services

Note

(Amount in ARS)

Consulting and advisory services

Volume discount

Sale of equipment

Total

As at March 31, 2020	As at March 31, 2019
439,940,234	415,454,204
(1,088,353)	(812,758)
-	4,525,389
438,851,881	419,166,835

4.2 Other income and expenses -net

Note

(Amount in ARS)

Reversal of allowances

Sundry

Total

Exhibit II

As at March 31, 2020	As at March 31, 2019
2,599,983	3,676,067
164,763	-
2,764,746	3,676,067

5. Capital stock

As of March 31, 2018, the capital stock of the Company amounted to \$ 42,127,767, which was fully subscribed and paid-in.

On February 22, 2019, a Unanimous Annual Meeting of Shareholders approved a capital increase in the amount of \$ 5,000,000, which generated a capital adjustment at the closing of \$ 2,417,843, together with additional paid in capital amounting to \$ 520,020,492 (\$ 350,520,000 at nominal value). As of March 31, 2019, a total amount of \$ 62,240,000 (\$ 62,240,000 at nominal value) out of the total subscribed value had been paid in, and the amount of \$ 293,280,000 (\$ 435,101,018 restated at year-end) remained as a receivable against shareholders, presented in Note 3.4.1 (Other current receivables).

As of March 31, 2020, \$ 278,111,089 (\$ 206,338,000 restated at year-end) have been paid in and the amount of \$ 86,942,000 has remained as a receivable against shareholders, presented in Note 3.4.1 (Other current receivables).

Ownership interests as of March 31, 2020 and 2019 were as follows:

(Amount in ARS)

TCS Iberoamérica S.A.

TCS Uruguay S.A.

Total

For the year ended March 31, 2020	For the year ended March 31, 2019
99.34	99.34
0.66	0.66
100.00	100.00

Notes forming part of the Financial Statements

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:

(Amount in ARS)

BALANCES

Accounts receivable

Tata America International Corporation	-
Tata Consultancy Services Netherlands B.V.	-
Tata Consultancy Services Deutschland GmbH	-
Tata Consultancy Services Limited	8,297,539
	8,297,539

For the year ended March 31, 2020	For the year ended March 31, 2019
-	39,402
-	64,277
-	7,447,889
8,297,539	6,033,407
8,297,539	13,584,975

Other receivables

TCS Iberoamerica S.A.	86,942,000
TCS Uruguay S.A.	-
	86,942,000

86,942,000	402,435,803
-	32,665,215
86,942,000	435,101,018

Trade payables

Tata America International Corporation	3,505,983
TCS Solution Center Sucursal Colombia	45,325,720
Tata Consultancy Services Limited	124,612,262
MGDC S.C.	-
TCS Uruguay S.A.	-
Tata Consultancy Services de México SA de CV	47,036,755
	220,480,719

3,505,983	3,524,309
45,325,720	46,742,842
124,612,262	313,066,894
-	412,481
-	263,235
47,036,755	50,799,308
220,480,719	414,809,069

(Amount in ARS)

Revenue from sales and services

Tata America International Corporation	222,985
TCS Solution Center Sucursal Colombia	2,596,958
Tata Consultancy Services Deutschland GmbH	5,875,563
Tata Consultancy Services Netherlands B.V.	-
Tata Consultancy Services Limited	43,102,879
MGDC S.C.	393,864
Tata Consultancy Services de México SA de CV	-
TCS Uruguay S.A.	944,696
	53,136,945

For the year ended March 31, 2020	For the year ended March 31, 2019
222,985	-
2,596,958	2,937,364
5,875,563	17,948,515
-	24,164,500
43,102,879	31,267,180
393,864	-
-	4,341,054
944,696	-
53,136,945	80,658,613

Cost of sales and services

Tata America International Corporation	22,822
TCS Uruguay S.A.	-
Tata Consultancy Services Limited	96,205,010
	96,227,832

22,822	424,499
-	255,333
96,205,010	56,388,426
96,227,832	57,068,258

Capital contribution

TCS Iberoamérica	-
TCS Uruguay S.A.	-
	-

-	494,773,117
-	32,665,215
-	527,438,332

Notes forming part of the Financial Statements

7. Terms, interest rates and adjustment clauses of receivables and payables

(Amount in ARS)

7.1 Receivables

- a) Total amount of receivables overdue**
b) Total amount of receivables to become due

Up to 3 months

From 3 to 6 months

More than twelve months

Allowance for bad debts

Total receivables

For the year ended March 31, 2020	For the year ended March 31, 2019
4,856,838	20,567,339
179,299,143	545,019,616
749,731	362,872
12,929,869	12,100,531
(2,345,949)	-
195,489,632	578,050,358

Receivables do not accrue any interest nor do they have adjustment clauses as of March 31, 2020 and 2019.

(Amount in ARS)

7.2 Payables

- a) Total amount of payables to become due**

Up to 3 months

From 3 to 6 months

From 9 to 12 months

More than twelve months

Total payables

For the year ended March 31, 2020	For the year ended March 31, 2019
66,583,967	47,989,486
26,139,577	-
40,484,630	-
135,886,571	412,235,359
269,094,745	460,224,845

Payables do not accrue any interest nor do they have adjustment clauses as of March 31, 2020 and 2019.

8. Income tax and minimum presumed income tax

a. Changes in the income tax rate

On December 29, 2017, the Argentine Executive Branch passed and published Law No. 27430, which introduces some amendments to the income tax law, subsequently amended by the "Social Solidarity and Production Reactivation Law within the framework of the Public Emergency" (the "Economic Emergency Law"). As of March 31, 2020, the most significant amendments in force include:

- the reduction in the tax rate from 35% to 30% for fiscal years beginning on or after January 1, 2018, and to 25% for fiscal years beginning on or after 2022; and
- the dividends distributed to individuals and foreign beneficiaries for the fiscal years mentioned above shall be levied at the 7% and 13% rates, respectively.

b. Inflation adjustment for tax purposes

The referred Law 27430, after the amendments of the Economic Emergency Law, created the obligation that, as from fiscal years beginning on or after January 1, 2018, the inflation adjustment calculated based on the procedure described in the Income tax law be deducted or included in the tax income/loss, to the extent that the Consumer Price Index (IPC) at a general level accumulated over the 36 months prior to the end of the year that is calculated exceeds 100%.

During the first three years as from effective date (fiscal years beginning on or after January 1, 2018), the tax inflation adjustment shall be applicable to the extent the IPC variation for each of them exceeds 55%, 30% and 15%, respec-

Notes forming part of the Financial Statements

tively. The resulting inflation adjustment, either gain or loss, shall be recognized in six equal parts. The first part shall be computed in the year corresponding to the calculation and the remaining five parts shall be recognized in the immediately subsequent years. As from the fourth year, the amount of the tax inflation adjustment is recognized in the same fiscal year.

The IPC variation for the fiscal year ended March 31, 2019 was lower than the percentage prescribed by the law for the application of the tax inflation adjustment. At this year end, the IPC variation was 48.36% and, therefore, the Company determined the tax inflation adjustment in the amount of \$ 10,395,263 (income).

In line with the transition methodology provided for in the tax rule, one sixth of this amount was computed by adjusting the tax income/loss for the year, with an impact on the calculation of the current tax. The remaining five sixths shall be computed in the next five fiscal years and they were considered a deductible temporary difference, which will be recognized in the balance of deferred tax assets to the extent of recoverability thereof.

Deferred tax liabilities are recognized for accounting purposes in full, whereas deferred tax assets are recognized for accounting purposes only to the extent of the recoverability thereof. As reported in Note 2.3.6 to the financial statements, the Company has not recorded deferred tax assets due to the uncertainty as to the possibility to generate future taxable income enabling to reverse temporary differences and the accumulated tax loss carryforwards.

The Company has measured its deferred tax assets and liabilities as of March 31, 2020, using the rates of 30% or 25% depending on the year in which it estimates the recognized temporary differences will be reversed, at the same time that it has calculated the tax provision at the rate of 30%.

Deferred tax assets and liabilities are broken down as follows:

		(Amount in ARS)	
Deferred tax liabilities	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Fixed assets		435,977	179,111
Inflation adjustment for tax purposes		2,338,934	-
Total deferred tax liabilities	3.6.2	2,774,911	179,111

For reporting purposes, the breakdown of main deferred tax asset items is as follows:

		(Amount in ARS)	
Deferred tax assets	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Temporary differences - deferred assets		102,226	4,296,538
Tax loss carryforwards		67,771,929	83,148,248
Total deferred tax assets		67,874,155	87,444,786

Due to the uncertainty regarding the generation of taxable profits in the future before its statute of limitations, the Company has not recognized the deferred tax asset as of March 31, 2020 or March 31, 2019.

The detail of historical accumulated tax loss carryforwards in the amount of \$ 271,087,716 and the expiration of the limitation period thereof are as follows:

Notes forming part of the Financial Statements

Expiration	Tax loss carryforward	Rates	Computable total
2021	97,369,932	25%	24,342,483
2022	34,023,768	25%	8,505,942
2023	42,347,776	25%	10,586,944
2024	38,372,540	25%	9,593,135
2025	58,973,700	25%	14,743,425
Total	271,087,716		67,771,929

The income tax benefit is as follows:

	(Amount in ARS)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Due to variation in deferred tax	(2,595,800)	1,305,406
Due to expiration of IGMP credit	(372,947)	(45,822)
Total income tax	(2,968,747)	1,259,584

The IGMP capitalized and the expiration of the limitation periods are as follows:

Originated in	Note	Amounts Historical \$	Expires in
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	3.4.2	4,008,973	

9. Economic emergency law

On December 21, 2019, Law 27541 "Social Solidarity and Production Reactivation Law within the framework of the Public Emergency" (the "Economic Emergency Law") was enacted, which declared the emergency in economic, financial, tax, administrative, social security, rate system, energy, sanitary and social matters until December 31, 2020.

The main aspects of the Economic Emergency Law that may affect the Company are as follows:

Tax on the purchase of foreign currency

An emergency tax is created for a term of 5 years consisting of 30% on the purchase of foreign currency (excluding drugs, books and education platforms), as well as for the foreign exchange performed by banks, on behalf of the entity hiring the service, for the acquisition of goods or the payment of services hired abroad and paid with credit cards or other payment means. Operations with specific destination are not subject to collection.

Salary increases

The Argentine Executive Branch is empowered to set minimum salaries with a general scope for the private sector and exempt such increases from social security withholdings and contributions, and to reduce the social security withholdings and contributions in certain jurisdictions or in respect of certain activities.

The Company's Management understands that the measures mentioned above will not have a significant impact on the financial position and the results of operations in the following year, though it is not in a position to estimate such impact.

Notes forming part of the Financial Statements

Suspension of dissolution for losses

The statements of the General Companies Law that establishes the obligation to dissolve companies that lose capital or have negative equity are suspended until December 31, 2020.

10. Changes in the exchange market

On September 1, 2019, Decree 609/2019 was published by the Argentine Executive Branch, amended by Decree 91/2019 of December 27, 2019, whereby certain extraordinary and temporary rules are stated related to the export of goods and services as well as transfers abroad and exchange market operations.

The Argentine Central Bank (BCRA) issued several communications up to the date of issuance of these financial statements, whereby the following measures, among others, are set out:

Conversion into pesos of proceeds from exports

Exporter companies shall convert into pesos the proceeds from exports within five business days after receipt thereof or 180 days after the export statement (15 days for the case of export of commodities). Exports collected can be used to settle export advances and prefinancing loans, if certain requirements are met. Otherwise, the BCRA's prior authorization is required.

Payment of dividends

Entities will be allowed to access the exchange market for the payment of dividends to shareholders abroad, without BCRA's prior authorization, provided that the dividends arise from audited financial statements, the amount does not exceed the distribution agreed by the shareholders at the meeting, and the total transfers made through the exchange market as from January 17, 2020 do not exceed 30% of the amount of the new contributions of foreign investment in the entity, settled through the exchange market as from the referred date. For other cases, BCRA's prior authorization to access the exchange market is required.

Payments of imports of goods and services

Entities have access to the exchange market to make payments abroad in relation to Argentine imports of goods and other purchase of goods in compliance with regulations.

In addition, they are allowed to access the exchange market to pay foreign liabilities on collaterals or guarantees granted in connection with Argentine imports of goods as well as to settle foreign credit lines applied to the financing of Argentine imports of goods.

The changes in the abovementioned situations are continuously monitored by the Company's Management in order to determine the possible actions to be adopted and identify potential impacts on the financial position that should be disclosed in the financial statements for future periods.

11. Effects of COVID-19

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Most governments are taking increasingly stringent steps to help contain the spread of the virus, including population lockdown, quarantine and free movement restrictions, closing of public and private facilities, except for stores equipped with daily necessities (healthcare, food, fuel and communications), closing of the country's borders and drastic reduction in the transport by air, water, rail and road.

In the Argentine Republic, where the Representation Office operates, on March 12, 2020, the Argentine Executive Branch (PEN) issued Decree No. 260/2020, as amended, declaring the sanitary emergency to manage the crisis caused by COVID-19. Then, on March 19, the PEN issued Decree No. 297/2020 providing for a preventive and mandatory lockdown of Argentina's population that will remain in force as from March 20 to March 31, 2020 inclusive. On March 31, 2020, April 11, 2020, April 26, 2020 and May 10, 2020, the PEN issued Decrees Nos. 325/2020, 355/2020, 408/2020 and 459/2020, respectively, by which successive extensions were decided up to May 24, 2020, being able to extend this term for as long as it is considered necessary in light of the epidemiological situation.

These measures consist in the slowdown or suspension of most of the non-essential activities carried out by individuals and, consequently, are significantly affecting the national, regional and global economy due to the interruption or slowdown of supply chains, and the significant increase in economic uncertainty, evidenced by an increase in the volatility of asset prices, exchange rates, and a decrease in long-term interest rates.

Notes forming part of the Financial Statements

Despite the restrictions imposed by the PEN through the decrees referred to above, due to the business conducted, the Company has been able to provide services regularly to its customers, and has also maintained the collections and payments flow at a level similar to that prior to the crisis described. As of the date of issuance of these financial statements, it is not possible to make an effective estimate of the present and future impact these events will have on the Company's financial position, income/loss or cash flows, as the evolution of the pandemic is unknown. However, taking into account the information available to date and current conditions, based on the estimate made, the Company's Management considers that the circumstances described do not invalidate the application of accounting policies regarding a going concern in the preparation of the financial statements as of March 31, 2020.

The probable/possible impacts on the Company's activities during fiscal years 2020/2021 are the following:

- even though no significant impact is expected, there might potentially be a reduced activity level resulting in a drop in short and mid-term sales, triggered by the restrictive measures applied;
- slowdown of collections from sales made, at both local and international level, as the payment chain will be interrupted due to the drop in the economic activity globally;

12. Subsequent events

During fiscal year 2020/2021, the Company's Management will evaluate again the impact of the aforementioned circumstances, as well as those facts and circumstances that may take place in the future and that may have an impact on the Company's financial position, the results of its operations, and cash flows for the periods beginning on or after April 1, 2020.

Except for the disclosures made in Note 11, 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.

EXHIBIT I

FIXED ASSETS

as of March 31, 2020 comparative with the prior fiscal year (in pesos - constant currency) (Note 2.1)

(Amount in ARS)

	Original values			Depreciation				Net	
				For the year					
Main account	At beginning year-end	Increases	At year-end year-end	Accumulated at beginning year-end	Rate	Amount (Exhibit IV)	Accumulated at year-end	March 31, 2020	March 31, 2019
Leasehold improvements	62,388,763	-	62,388,763	62,388,763	10	-	62,388,763	-	-
Furniture and fixtures	26,374	-	26,374	26,127	20	-	26,127	247	247
Facilities	4,440,446	-	4,440,446	4,319,686	10	33,996	4,353,682	86,764	120,760
Computers	30,192,290	4,578,764	34,771,054	25,705,454	25	1,959,543	27,664,997	7,106,057	4,486,836
Software	947,601	-	947,601	81,599	20	234,268	315,867	631,734	866,002
March 31, 2020	97,995,474	4,578,764	102,574,238	92,521,629		2,227,807	94,749,436	7,824,802	
March 31, 2019	92,909,658	5,085,816	97,995,474	85,220,472		7,301,157	92,521,629		5,473,845

Notes forming part of the Financial Statements

EXHIBIT II

ALLOWANCES

as of March 31, 2020 comparative with the prior fiscal year (in pesos - constant currency) (Note 2.1)

(Amount in ARS)

Items	Balances at beginning of the year	Increases		Reversals		Uses	Gain/loss due to changes in currency purchasing power	Balances at year-end
Deducted from assets:								
Current								
For bad debts	-	3,457,888	(1)	(1,111,939)	(1)	-	-	2,345,949
Total as of March 31, 2020	-	3,457,888		(1,111,939)		-	-	2,345,949
Total as of March 31, 2019	1,851,615	-	(1)	(641,721)	(1)	(1,209,894)	-	-
Included in liabilities:								
Non-current								
Allowance for contingencies	15,060,637	3,799,199	(2)	(6,399,182)	(2)	-	(4,909,009)	7,551,645
Total as of March 31, 2020	15,060,637	3,799,199		(6,399,182)		-	(4,909,009)	7,551,645
Total as of March 31, 2019	26,536,162	-	(2)	(3,676,067)	(2)	(2,278,794)	(5,520,664)	15,060,637

(1) Included in Financial gains/losses, including RECPAM

(2) Included in Other income and expenses, net.

EXHIBIT III

ASSETS AND LIABILITIES IN FOREIGN CURRENCY

as of March 31, 2020 comparative with the prior year

(Amount in ARS)

	March 31, 2020			March 31, 2019
	Type and amount of foreign currency	Prevailing exchange rate	Amount in local currency	Amount in local currency
		Argentine pesos	Argentine pesos	Argentine pesos
Current assets				
Cash and banks				
Banks	USD	481,105	30,920,159	44,623,765
Accounts receivable				
Ordinary	USD	13,529	869,500	11,687,882
Other related parties	USD	100,137	6,435,718	5,155,216
Other related parties	Euros	-	-	7,512,164
Services to be invoiced	USD	10,771	692,254	-
Services to be invoiced to other related parties	USD	-	-	878,193
Subtotal			7,997,472	25,233,455
Other receivables				
Other related parties	USD	1,352,783	86,942,000	435,101,018
Security deposits	USD	-	-	3,882,840
Total current assets			125,859,631	508,841,078
Non-current assets				
Other receivables				
Security deposits	USD	88,870	5,711,570	5,719,058
Total non - current assets			5,711,570	5,719,058
Total assets			131,571,201	514,560,136

Notes forming part of the Financial Statements

EXHIBIT III

ASSETS AND LIABILITIES IN FOREIGN CURRENCY as of March 31, 2020 comparative with the prior year

(Amount in ARS)

March 31, 2020					March 31, 2019
Type and amount of foreign currency		Prevailing exchange rate	Amount in local currency	Amount in local currency	
		Argentine pesos	Argentine pesos	Argentine pesos	
Current liabilities					
Trade payables					
Suppliers	USD	3,934	64.469	253,599	849,288
Provision for invoices to be received	USD	12,582	64.469	811,157	
Other related parties	USD	148,029	64.469	9,543,312	
Other liabilities					
Provision for rentals payable	USD	3,033	64.469	195,551	270,242
Total current liabilities			10,803,619	1,119,530	
Non-current liabilities					
Trade payables					
Corp. Art. 33	USD	1,436,279	64.469	92,595,451	322,273,872
Total non-current liabilities			92,595,451	322,273,872	
Total liabilities			103,399,070	323,393,402	

Notes forming part of the Financial Statements

EXHIBIT III

INFORMATION REQUIRED BY ART. 64, CLAUSE (b) OF LAW 19550 for the fiscal year ended March 31, 2020 comparative with the prior fiscal year (in pesos - constant currency) (Note 2.1)

[Amount in ARS]

Items	Cost of services	Selling expenses	Selling expenses	Other operating expenses	Total for the fiscal year ended	
					2020	2019
Salaries and wages	181,157,017	39,297,594	10,483,704	20,271,171	251,209,486	244,090,497
Project expenses	90,176,637	-	-	-	90,176,637	66,866,742
Rentals and common expenses	-	33,798,030	-	-	33,798,030	31,606,840
Turnover tax	-	-	24,012,808	-	24,012,808	10,926,445
Severance payments	965,478	5,696,104	-	11,765,221	18,426,803	7,210,897
Fees and compensation for services	7,193,289	8,837,745	-	-	16,031,034	16,396,576
Taxes, rates and contributions	3,799,392	3,296,303	-	-	7,095,695	6,314,310
Surveillance	-	6,819,917	-	-	6,819,917	6,546,856
Bank commissions and expenses	-	6,031,287	-	-	6,031,287	4,491,578
Internet, communication and mail expenses	180,520	4,517,145	132,367	-	4,830,032	4,551,569
Cleaning expenses	-	3,653,521	-	-	3,653,521	3,303,188
Fees to directors	-	2,368,584	-	-	2,368,584	2,554,480
Recruitment and training	857,772	1,440,400	-	-	2,298,172	5,083,177
Depreciation of fixed assets (Exhibit I)	1,052,671	1,175,136	-	-	2,227,807	7,301,157
Per diem expenses	1,125,449	280,581	182,969	-	1,588,999	893,110
Travel expenses	959,995	245,458	-	-	1,205,453	1,045,854
Repair and maintenance	-	970,113	-	-	970,113	1,262,234
Insurance	-	691,452	-	-	691,452	533,981
Office expenses	27,425	598,268	18,237	-	643,930	674,101
Sundry	240,641	394,804	-	-	635,445	2,280,847
Marketing expenses	788	-	235,102	-	235,890	289,561
Total as of March 31, 2020	287,737,074	120,112,442	35,065,187	32,036,392	474,951,095	
Total as of March 31, 2019	264,232,398	120,140,930	17,903,805	21,946,867		424,224,000

Independent Auditor's Report

To the President and Directors of

TATA Consultancy Services Argentina S.A.

Legal address: Uspallata 3046

City of Buenos Aires

Taxpayer identification number (CUIT): 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, 2020, the statements of profit or loss, changes in shareholders' equity and cash flows for the year then ended, notes 1 to 12 and exhibits I to IV presented as supplementary information.

The figures and other information for the year ended March 31, 2019 are an integral part of these financial statements and are presented for the purpose of being construed solely in relation to the figures and information of the current year.

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 FACPCE. Those standards require that we comply with the 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. We relied on our professional judgment to select the procedures to be performed, including assessing the risk that the financial statements may include material misstatements derived from errors or irregularities. 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, 2020, the results of its operations, the changes in 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.

Emphasis paragraph regarding the potential effects of COVID-19 pandemic (Subsequent events)

Without modifying our opinion, we draw users' attention to the financial information on the disclosures included by Management in Note 11 -Effects of COVID-19, in which the potential effects that the COVID- 19 pandemic may have on the Representation Office's business during the fiscal year beginning April 1, 2020 are described.

Report on other legal and regulatory requirements

In compliance with legal requirements in force, we report that:

- the accompanying financial statements arise from the Company's accounting records, and their transcription into the Journal and Inventory Book is pending;
- we have performed the anti-money laundering and terrorist financing procedures set forth by the applicable professional standards issued by the FACPCE; and
- as of March 31, 2020, the accrued liability for retirement and pension contributions payable to the Pension Fund System arising from the accounting records amounted to \$ 4,481,341 no amounts being due as of that date.

City of Buenos Aires, May 22, 2020

For KPMG

Jorge M. Oviedo

Partner

Supervisory Auditor's Report

To the Shareholders of

TATA Consultancy Services Argentina S.A.

Uspallata 3647,

City of Buenos Aires

Taxpayer identification number (CUIT): 30-70784821-5

In my capacity as Regular Supervisory Auditor of Tata Consultancy Services Argentina S.A., based on the provisions of subsection 5, section 294 of the Companies Law, I have examined the documents described in paragraph 1. Based on the documents referred to above, my responsibility is to report on such documentation, based on the work mentioned in paragraph 2.

1. DOCUMENTS UNDER EXAMINATION

- a. Balance Sheet as of March 31, 2020
- b. Statement of profit or loss for the fiscal year ended March 31, 2020
- c. Statement of changes in shareholders' equity for the fiscal year ended March 31, 2020
- d. Statement of cash flows for the fiscal year ended March 31, 2020
- e. Notes 1 to 12 and Exhibits I to IV

2. SCOPE OF EXAMINATION

My examination was made in compliance with the supervisory auditors' standards in force. Those standards require that the financial statements be examined in conformity with the auditing standards in force, including the verification of the consistency of the documents examined with the information on corporate decisions recorded in the minutes of the Board of Directors' meetings as well as the compliance of such decisions with the law and the bylaws in their formal and documentary aspects. An audit requires that the auditor plans and performs the procedures to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit also includes examining, on a test basis, evidence supporting the disclosures in the financial statements, as well as evaluating the accounting principles used, the significant estimates made by the Board of Directors, and the overall presentation of the financial statements taken as a whole. As it is not the supervisory auditor's responsibility to exercise management control, I have not considered in my examination the business criteria and decisions adopted by the Company to prepare my report.

In addition, I have verified that the Letter to Shareholders for the year ended March 31, 2020 contains the information required by section 66 of the Companies Law and that its figures agree with the Company's accounting records and other relevant documentation.

3. OPINION

Based on the examination conducted, in my opinion, the financial statements described in paragraph 1 present fairly, in all material respects, the financial position of Tata Consultancy Services Argentina S.A. as of March 31, 2020, 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.

With regard to the Board of Directors' Letter to Shareholders, I have no comments to make as it relates to my area of responsibility. The assertions on future events stated therein are the Board of Directors' exclusive responsibility.

These accompanying financial statements and the related inventory arise from the accounting records which, in their formal aspects, are kept pursuant to the legislation in force.

City of Buenos Aires, May 22, 2020

Pablo Gustavo Traini

Regular Supervisory Auditor

**TATA CONSULTANCY SERVICES
DO BRASIL LTDA.**

FINANCIAL STATEMENTS

**For the year ended
December 31, 2019**

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT IN THE FINANCIAL STATEMENTS

TO

THE BOARD OF DIRECTORS OF

TATA CONSULTANCY SERVICES DO BRASIL LTDA.

SÃO PAULO –SP.

Opinion

We have audited the financial statements of Tata Consultancy Services do Brasil Ltda. ("the Company"), which comprise the statement of financial position as at December 31, 2019, 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 December 31, 2019, and its financial performance and its cash flows for the year the year 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.

Other Matter

The financial statements of Tata Consultancy Services do Brasil Ltda. ("the Company"), which comprise the statement of financial position as at December 31, 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information were audited by another auditor who expressed an unmodified opinion on those statements on April 22, 2019.

Responsibilities of Management 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.

São Paulo, March 25, 2020

KPMG Auditores Independentes

CRC 2SP014428/O-6

Juliana Leonam de Araujo Braga

Accountant CRC 1SP-251062/O-5

Statement of Financial Position

(in thousand BRL Reais)

	Note	As at December 31, 2019	As at December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents	6(a)	20,486	22,796
Trade receivables	6(b)	62,194	41,833
Unbilled receivables	6(b)(1)	21,365	21,600
Other financial assets	6(c)	603	293
Income tax assets (net)		1,997	3,280
Other assets	8(d)	14,813	5,593
Total current assets		121,458	95,395
Non-current assets			
Unbilled receivables	6(b)(1)	-	3,816
Deferred tax assets (net)	12	44,867	32,311
Property, plant and equipment	8(a)	19,434	19,542
Right-of-use assets	7	33,426	-
Goodwill	8(b)	33,106	33,106
Other intangible assets	8(c)	6	103
Other assets	8(d)	2,526	6,630
Total non-current assets		133,365	95,508
TOTAL ASSETS		254,823	190,903
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables	6(d)	47,657	29,248
Borrowings	6(e)	15,275	6,480
Lease Liabilities	7	3,182	-
Other financial liabilities	6(f)	13,671	15,457
Unearned and deferred revenue		3,728	3,867
Employee benefit obligations	13	19,078	14,846
Provisions		5,359	4,806
Other liabilities	8(e)	23,230	19,727
Total current liabilities		131,180	94,432
Non-current liabilities			
Borrowings	6(e)	4,824	17,499
Lease Liabilities	7	33,526	-
Total non-current liabilities		38,350	17,499
TOTAL LIABILITIES		169,530	111,931
Equity			
Share capital	6(i)	175,802	175,802
Retained earnings		(90,509)	(96,830)
TOTAL EQUITY		85,293	78,972
TOTAL LIABILITIES AND EQUITY		254,823	190,903

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

Statement of Profit or Loss and Other Comprehensive Income

(in thousand BRL Reais)

	Note	Year ended December 31,2019	Nine Months Period ended December 31,2018
Revenue	9	409,139	248,611
Operating expenses			
Employee benefits expenses	13	315,725	180,918
Depreciation and amortisation expense	7 and 8	7,414	1,064
Other operating expenses	10	77,972	49,947
TOTAL OPERATING EXPENSES		401,111	231,929
OPERATING PROFIT		8,028	16,682
Other (expense) / income			
Finance and other income	11(a)	129	14
Finance costs	11(b)	(4,333)	(961)
Other (losses) (net)	11(c)	(879)	(2,055)
OTHER (EXPENSE) (NET)		(5,083)	(3,002)
PROFIT BEFORE TAXES		2,945	13,680
Income tax expense	12	(4,197)	(27,090)
PROFIT FOR THE PERIOD / YEAR		7,142	40,770
Other comprehensive income, net of taxes		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD / YEAR		7,142	40,770

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

Statement of Changes in Equity

(in thousand BRL Reais, except share data)

Balance as at April 1, 2018

Profit for the year

Other comprehensive income

Total comprehensive income

Balance as at December 31, 2018

Transition impact of IFRS 16

Revised Balance as at January 1, 2019

Profit for the period

Other comprehensive income

Total comprehensive income

Balance as at December 31, 2019

Number of shares	Share capital	Retained earnings	Total equity
175,802	175,802	(137,600)	38,202
		40,770	40,770
		-	-
		40,770	40,770
175,802	175,802	(96,830)	78,972
-	-	(821)	(821)
175,802	175,802	(97,651)	78,151
-	-	7,142	7,142
-	-	-	-
-	-	7,142	7,142
175,802	175,802	(90,509)	85,293

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

Statement of Cash Flows

(in thousand BRL Reais)

	Note	Year ended December 31, 2019	Nine Months Period ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period / year		7,142	40,770
Adjustment to reconcile profit or loss to net cash provided by operating activities			
Depreciation and amortisation expense	7 and 8	7,414	1,064
Bad debts and advances written off, allowances for doubtful trade receivables and advances (net)		(61)	12
Income tax expense	12	(4,197)	(27,090)
Interest income	11(a)	-	(14)
Unrealised foreign exchange gain		489	10,675
Other interest expense	11(b)	-	446
Net gain / loss on disposal of property, plant and equipment		23	(107)
Net gain / loss on disposal of intangibles		103	-
Operating profit before working capital changes		10,913	25,756
Net change in			
Trade receivables		(20,300)	(6,287)
Unbilled receivables		4,051	1,292
Other financial assets		(310)	418
Other assets		(5,116)	(11,331)
Trade payables		18,409	7,055
Unearned and deferred revenue		(139)	(2,674)
Other financial liabilities		(1,786)	1,002
Employee benefit obligations, other liabilities and provisions		8,287	12,454
Cash generated from operations		14,009	27,685
Taxes paid (net of refunds)		(6,654)	(6,973)
Net cash provided by operating activities		7,355	20,712
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment		(11,860)	(17,370)
Payment for purchase of intangibles		(8)	-
Interest Income		-	14
Proceeds from disposal of property, plant and equipment		16	135
Net cash (used in) investing activities		(11,852)	(17,221)
CASH FLOWS FROM FINANCING ACTIVITIES			
Other interest expense		-	(446)
Proceeds from issue of long-term borrowings		4,085	-
Repayment of lease liabilities		(1,898)	-
Net cash provided by / (used in) financing activities		2,187	(446)
Net change in cash and cash equivalents		(2,310)	3,045
Cash and cash equivalents at the beginning of the period / year		22,796	19,751
Cash and cash equivalents at the end of the period / year	6(a)	20,486	22,796
Supplementary cash flow information			
Interest paid		4,333	446
Interest received		129	14

SEE ACCOMPANYING NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Notes forming part of the Financial Statements

1. CORPORATE INFORMATION

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 routines, 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, Mariana/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 - 13º andar - Alphaville Industrial, Barueri - SP, Postal Code 06454-010.

The Executive Committee authorized the issuance of these financial statements at the meeting held on March 25, 2020.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

3. 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. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realization in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method. In the current year, the company has changed its presentation of interest income and expense as part of operating activities. In the previous year, the same was presented as investing and financing activity respectively. The change in the presentation is to align with the Cash Flow disclosure of the parent entity.

The functional currency of the Company is the Brazilian Real (R\$). Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

During the previous period, the Company had changed its financial year-end from 31 March to 31 December and accordingly, the financial statements for the previous period had been prepared for nine months commencing from 1 April 2018 to 31 December 2018. Previous year figures represent amounts for the nine months period ended 31 December 2018 and hence are strictly not comparable with current period figures.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and judgment's that affect the reported balances of assets and liabilities, disclosures of

Notes forming part of the Financial Statements

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 recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

a. Revenue Recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortized over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

b. 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.

c. Impairment of goodwill

The Company estimates the value-in-use of the cash generating units (CGUs) 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 rates used for the CGUs represent the weighted average cost of capital based on the historical market returns of comparable companies.

d. 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.

e. Valuation of deferred tax assets

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

f. Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

g. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS Standards	References to Conceptual Framework ¹
Amendments to IFRS 3	Definition of Business ¹
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate Benchmark Reform ¹

¹ Effective for annual periods beginning on or after January 1, 2020.

IFRS Standards – References to Conceptual Framework

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Amendments primarily either update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised Framework, with effect from January 1, 2020. The Company does not expect that the amendment to have any impact on its financial statements.

IFRS 3 – Definition of Business

In October 2018, the IASB issued amendments Definition of a Business (Amendments to IFRS 3) to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments confirmed that a business must include inputs, narrowed the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments primarily provide clearer application guidance. The Company does not expect that the amendment to have any impact on its evaluation of whether activities and assets acquired are a business or a group of assets.

IAS 1 and IAS 8 – Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

- **Obscuring:** The existing definition only focused on omitting or misstating information, however, IASB concluded that obscuring material information with information that can be omitted can have a similar effect.
- **Could reasonably be expected to influence:** The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- **Primary users:** The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Company does not expect that the amendment to have any impact on its evaluation of 'material' in relation to its financial statements.

IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

In September 2019, IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). The IASB felt that some hedge accounting requirements in IFRS 9 may be affected by uncertainties arising from the impact of the ongoing reform of some major interest rate benchmarks whereby efforts are being made to replace existing benchmarks with alternative, nearly risk free rates. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors. Therefore, IASB has amended specific hedge accounting requirements to provide exceptions during this period of uncertainty. The amendment primarily states that when determining whether a forecast transaction is highly probable, a company shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform. The Company does not expect the amendment to have any significant impact because the Company hedges currency fluctuation risk and contractual cash flows of hedged items and hedging instruments do not vary significantly with changes in interest rate benchmarks.

The company has applied IFRIC 23 effective for annual periods beginning on or after January 1, 2019 as below:

IFRIC 23 Interpretation Uncertainty over Income Tax Treatment

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

Application of IFRIC 23

The company reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the financial statements. In that respect, the Company observed that there are no instances of any uncertain tax treatment in the past and on that basis it is reasonable to conclude that all the tax treatments are accepted by the tax officer and hence IFRIC-23 is not applicable.

6. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY 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.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or

when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Cash and cash equivalents

Tata Consultancy Services do Brasil Ltda. 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 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 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 recognised 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 issued by the company are recognised at the proceeds received net of direct issue cost.

Impairment of financial assets (other than at fair value)

The Company assesses at each date of statement 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 recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. 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 allowance 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.

a. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(in thousand BRL Reais)	
	As at December 31, 2019	As at December 31, 2018
Balances with banks	20,477	22,787
Cash on hand	9	9
Total	20,486	22,796

b. Trade receivables

Trade receivables consist of the following:

Trade receivables – Current

(in thousand BRL Reais)

	As at December 31, 2019	As at December 31, 2018
Trade receivables	62,194	41,894
Less: Allowance for doubtful trade receivables	-	(61)
Total	62,194	41,833

Trade receivables include balances with related parties amounting to BRL 7,608 thousand (BRL 6,418 thousand for 2018). {Refer note 15}

- b.1.** Unbilled receivables is excess of revenue earned over billings on contracts wherein only act of invoicing is pending however there is unconditional right to receive cash and only passage of time is required as per contractual terms.

c. Other financial assets

Other financial assets consist of the following:

Other financial assets – Current

(in thousand BRL Reais)

	As at December 31, 2019	As at December 31, 2018
Employee loans and advances	285	207
Security deposits	203	67
Others	115	19
Total	603	293

d. Trade Payables

Trade payables consist of the following:

Trade payables – Current

(in thousand BRL Reais)

	As at December 31, 2019	As at December 31, 2018
Trade payables	39,884	26,030
Accrued expenses	7,773	3,217
Total	47,657	29,248

Trade payables include balances with related parties amounting to BRL 41,335 thousand (BRL 25,264 thousand for 2018).{Refer note 15}

e. Borrowings

Borrowings consist of the following:

Borrowings - Current

(in thousand BRL Reais)

	As at December 31, 2019	As at December 31, 2018
Loans from related party	15,275	4,658
Current maturities of finance lease obligations	-	1,822
Total	15,275	6,480

Borrowings - Non current

(in thousand BRL Reais)

	As at December 31, 2019	As at December 31, 2018
Loans from related party	4,824	10,867
Long-term maturities of finance lease obligations	-	6,632
Total	4,824	17,499

On September 17, 2019 Tata Consultancy Services do Brasil Ltda. received a loan from TCS Uruguay S.A. de CV of USD 1,000,000 (equivalent BRL 4,084,600) bearing an annual interest rate of 4.5 percent and to be paid as per the repayment schedule agreed with the lender within 16 months from the date of loan.

Finance lease obligations have been reclassified into lease liabilities pursuant to IFRS 16 adoption. Refer Note 7.

f. Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities – Current

(in thousand BRL Reais)

	As at December 31, 2019	As at December 31, 2018
Capital creditors	494	456
Liabilities towards customer contracts	1,536	794
Accrued payroll	10,837	13,428
Accrued interest	597	572
Caution money	207	207
Total	13,671	15,457

g. Financial instruments by category

The carrying value of financial instruments by categories as at December 31, 2019 is as follows:

	(in thousand BRL Reais)	
	Amortised cost	Total carrying value
Financial assets		
Cash and cash equivalents	20,486	20,486
Trade receivables	62,194	62,194
Unbilled receivables	21,365	21,365
Other financial assets	603	603
Total	104,648	104,648
Financial liabilities		
Trade payables	47,657	47,657
Borrowings	20,099	20,099
Lease Liabilities	36,708	36,708
Other financial liabilities	13,671	13,671
Total	118,135	118,135

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

	(in thousand BRL Reais)	
	Amortised cost	Total carrying value
Financial assets		
Cash and cash equivalents	22,796	22,796
Trade receivables	41,833	41,833
Unbilled receivables	25,416	25,416
Other financial assets	293	293
Total	90,338	90,338
Financial liabilities		
Trade payables	29,248	29,248
Borrowings	23,979	23,979
Lease Liabilities	-	-
Other financial liabilities	15,457	15,457
Total	68,684	68,684

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at December 31, 2019 and December 31, 2018 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets, other financial liabilities and borrowings subsequently measured at amortized cost is not significant in each of the periods presented.

h. Fair value hierarchy

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

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

i. 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.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

• Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the entity. Considering the economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates.

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 percent against the respective functional currency of the Company.

The following table sets forth information relating to foreign currency exposure as at December 31, 2019:

	(in thousand BRL Reais)			
	USD	EUR	GBP	Others*
Assets:				
Trade receivables	6,094	437	(289)	118
Unbilled receivables	1,611	636	121	370
Other financial assets	57	-	-	-
Total	7,762	1,073	(168)	488
Liabilities:				
Trade payables	8,487	172	432	177
Borrowings	20,099	-	-	-
Other financial liabilities	1,530	196	235	91
Total	30,116	368	667	268

10 percent 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 taxes by approximately 2,226 thousand BRL reais for the year ended December 31, 2019.

The following table sets forth information relating to foreign currency exposure as at December 31, 2018:

	(in thousand BRL Reais)			
	USD	EUR	GBR	Others*
Assets:				
Trade receivables	3,206	451	35	327
Unbilled receivables	1,529	2,384	-	-
Other financial assets	53	-	0	-
Total	4,788	2,835	35	327
Liabilities:				
Trade payables	6,276	28	299	58
Borrowings	15,525	-	-	-
Other financial liabilities	1,175	5	192	49
Total	22,976	33	491	107

10 percent 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 taxes by approximately 1562 thousand BRL reais for the period ended December 31, 2018.

*Others include currencies such as Swiss Franc, Swedish Krona, Korean Won, Mexican Peso, Norwegian Krone, Indian Rupee and Canadian Dollar.

- **Interest rate risk**

The Company is not exposed to interest rate risk.

Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms 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 receivable, investments, cash and cash equivalents, bank deposits and other financial assets. Cash and cash equivalents include an amount of 19,424 thousand BRL Reais held with a bank in Brasil having high quality credit rating which are individually in excess of 10 percent or more of the Company's total cash and cash equivalents as at December 31, 2019. 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 104,648 thousand BRL Reais and 90,338 thousand BRL Reais as at December 31, 2019 and as at December 31, 2018, respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, unbilled receivable, other financial assets and investments.

Tata Consultancy Services do Brasil Ltda's exposure to customers is diversified and single customer contributes to more than 10 percent of outstanding trade receivable and unbilled receivable as at December 31, 2019 and as at December 31, 2018 as follows:

	As at December 31, 2019		As at December 31, 2018	
	Trade receivables and Unbilled receivable	Percentage	Trade receivables and Unbilled receivable	Percentage
Customer A	14,968	18	8,209	12
Customer C	5,707	7	6,842	10
Customer B	3,375	4	7,560	11

- **Geographic concentration of credit risk**

Geographic concentration of trade receivables (gross and net of allowances) and unbilled receivable is as follows:

	As at December 31, 2019	As at December 31, 2018
	Net Percentage	Net Percentage
Ibero America	80	88
America	20	8
Others	0	4

Geographical concentration of trade receivables and unbilled receivable is allocated based on the location of the customers.

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 company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

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

(in thousand BRL Reais)

December 31, 2019

Non-derivative financial liabilities:

	Due in 1st. year	Due in 2nd. year	Due in 3rd. to 5th. year	Due after 5 years	Total
Trade payables	47,657	-	-	-	47,657
Borrowings	15,275	4,824	-	-	20,099
Lease liabilities	6,716	6,707	19,989	22,053	55,465
Other financial liabilities	13,671	-	-	-	13,671
Total	83,319	11,531	19,989	22,053	136,892

(in thousand BRL Reais)

December 31, 2018

Non-derivative financial liabilities:

	Due in 1st. year	Due in 2nd. year	Due in 3rd. to 5th. year	Due after 5 years	Total
Trade payables	29,248	-	-	-	29,248
Borrowings	6,480	7,840	9,659	-	23,979
Lease liabilities	-	-	-	-	-
Other financial liabilities	15,457	-	-	-	15,457
Total	51,185	7,840	9,659	-	68,684

j. Equity instruments

The authorized, issued, subscribed and fully paid up share capital consist of the following:

(in thousand BRL Reais)

(a) Authorized

Equity shares of BRL reais 1 each (175,801,586 shares)

(b) Issued, Subscribed and Paid up

Equity shares of BRL reais 1 each (175,801,586 shares)

Total

As at December 31, 2019	As at December 31, 2018
175,802	175,802
175,802	175,802
175,802	175,802
175,802	175,802

Details of shares held by shareholders holding more than 5 percent of the aggregate shares in the Company Equity Shares

(in thousand BRL Reais)

TCS Iberoamerica Sociedad Anonima (Holding Company)

% Holding in cl ass

As at December 31, 2019	As at December 31, 2018
175,802	175,802
100%	100%

Fully paid equity shares, which have a par value of 175,802 thousand BRL Reais (BRL 1 each) carry one vote per share and have a right to dividend. In the event of liquidation of the Company, the holders of shares are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

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 and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

7. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Transition to IFRS 16

In January 2016, International Accounting Standards Board issued the final version of IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. IFRS 16 has replaced IAS 17 Leases, and its related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted IFRS 16, effective annual reporting period beginning January 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (January 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on January 1, 2019.

Refer note 2(e) – Significant accounting policies – Leases in the Annual report of the Company for the year ended December 31, 2018, for the policy as per IAS 17.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of IFRS 16 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying IFRS 16 to leases previously classified as operating leases under IAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying IAS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at December 31, 2018. Accordingly, a right-of-use asset of BRL 23,324 thousand and lease liability of BRL 24,567 thousand has been recognised. The cumulative effect on transition in retained earnings net of taxes is BRL 821 thousand (including the deferred tax of BRL 423 thousand). The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per IAS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 9.84 percent has been applied to lease liabilities recognised in the statement of financial position at the date of initial application.

On application of IFRS 16, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at December 31, 2018 compared to the lease liability as accounted as at January 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of IFRS 16 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

Finance lease

The Company has leases that were classified as finance leases applying IAS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of IFRS 16 is the carrying amount of the lease asset and lease liability on the transition date as measured applying IAS 17. Accordingly, an amount of BRL 8,454 thousand has been reclassified from property, plant and equipment to right-of-use assets. An amount of BRL 1822 thousand has been reclassified from borrowings – current to lease liability – current and an amount of BRL 6632 thousand has been reclassified from borrowings – non-current to lease liability – non-current.

Company as a lessor

The Company does not have any impact on account of sub-lease on the application of this standard.

The details of the right-of-use asset held by the Company is as follows:

(in thousand BRL Reais)	
	Additions for the year ended December 31, 2019
	Net carrying amount as at December 31, 2019
Buildings	14,040
Leasehold Improvements	-
Total	14,040
	23,845
	9,581
	33,426

Depreciation on right-of-use asset is as follows:

(in thousand BRL Reais)

Buildings
Lease hold Improvements
Total

Year ended December 31, 2019
2,345
1,592
3,937

Interest on lease liabilities is BRL 3,500 thousand for the year ended on December 31, 2019.

The Company incurred BRL 2,114 thousand for the year ended December 31, 2019 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow is BRL 7,512 thousand for the year ended December 31, 2019 for long term and short term leases.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

Note:- Disclosure of Maturity analysis of lease liabilities will form part of financial instruments disclosure note.

8. NON-FINANCIAL ASSETS AND LIABILITIES

a. Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, 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 less residual values 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
Leasehold improvements	Straight line	Lease term
Computer equipment	Straight line	4 years
Furniture and fixtures	Straight line	5 years
Office equipment	Straight line	5 years
Electrical installations	Straight line	10 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. Capital work-in-progress includes capital advances.

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 profit or loss.

Property, plant and equipment consist of the following:

(in thousand BRL Reais)

	Leasehold improvement	Computer equipment	Electrical installations	Furniture and fixtures	Office equipments	Total
Gross block as at January 1, 2019	11,747	7,463	772	1,012	592	21,586
Purchases	3,469	6,496	1,446	796	357	12,564
Transition Impact of IFRS 16 (Refer Note 7)	(8,454)	-	-	-	-	(8,454)
Disposals	-	(39)	-	-	-	(39)
Gross block as at December 31, 2019	6,762	13,920	2,218	1,808	949	25,657
Accumulated depreciation as at January 1, 2019	81	2,699	49	114	68	3,011
Depreciation for the period	410	2,415	182	303	165	3,475
Transition Impact of IFRS 16 (Refer Note 7)	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Accumulated depreciation as at December 31, 2019	491	5,114	231	417	233	6,486
Net carrying amount as at December 31, 2019	6,271	8,806	1,987	1,391	716	19,171
Capital work-in-progress						263
Total						19,434

(in thousand BRL Reais)

	Leasehold improvement	Computer equipment	Electrical installations	Furniture and fixtures	Office equipments	Total
Gross block as at April 1, 2018	180	3,814	298	904	73	5,269
Purchases	11,567	3,793	474	629	519	16,982
Disposals	-	(144)	-	(521)	-	(665)
Gross block as at December 31, 2018	11,747	7,463	772	1,012	592	21,586
Accumulated depreciation as at April 1, 2018	4	2,027	10	515	29	2,585
Depreciation for the period	77	817	39	92	39	1,064
Disposals	-	(145)	-	(493)	-	(638)
Accumulated depreciation as at December 31, 2018	81	2,699	49	114	68	3,011
Net carrying amount as at December 31, 2018	11,666	4,764	723	898	524	18,575
Capital work-in-progress						967
Total						19,542

b. 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.

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.

Goodwill consist of the following:

		(in thousand BRL Reais)
	As at December 31, 2019	As at December 31, 2018
Balance at the beginning of the year	33,106	33,106
Foreign currency exchange gain / (loss)	-	-
Balance at the end of the year	33,106	33,106

Tata Consultancy services do Brasil Ltda tests goodwill annually for impairment.

Goodwill of 33,106 thousand BRL Reais as at December 31, 2019 and December 31, 2018 has been allocated to the entity as a CGU. The company estimated the value-in-use of the CGU based on future cash flows using a 3.5 percent annual growth rate for periods subsequent to the forecast period of 10 years and discount rate of 16.08 percent. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonably probable assumptions, did not identify any probable scenario where in the recoverable amount of the CGU is below its carrying amount.

c. Other Intangible assets

Intangible assets purchased including acquired in business combination, are measured at cost as at the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences and customer-related intangibles. Following table summarises the nature of intangibles and their estimated useful lives:

Type of asset	Useful lives
Rights under licensing agreement and software licences	Lower of licence period and 2-5 years
Customer-related intangibles	3 years

Intangible assets are amortized on a straight line basis over the period of its economic useful life.

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 profit or loss.

Intangible assets consist of the following:

(in thousand BRL Reais)

	Software licences	Others	Total
Cost as at January 1, 2019	3,321	103	3,424
Additions	8	-	8
Disposals	-	103	103
Cost as at December 31, 2019	3,329	-	3,329
Accumulated amortisation as at January 1, 2019	3,321	-	3,321
Amortization for the period	2	-	2
Accumulated amortisation as at December 31, 2019	3,323	-	3,323
Net carrying amount as at December 31, 2019	6	-	6

(in thousand BRL Reais)

	Software licences	Others	Total
Cost as at April 1, 2018	3,321	103	3,424
Disposals	-	-	-
Cost as at December 31, 2018	3,321	103	3,424
Accumulated amortisation as at April 1, 2018	3,321	-	3,321
Amortizaion for the period	-	-	-
Accumulated amortisation as at December 31, 2018	3,321	-	3,321
Net carrying amount as at December 31, 2018	-	103	103

The estimated amortization for the years subsequent to December 31, 2019 is as follows:

(in thousand BRL Reais)

Year Ending December 31,	Amortisation expenses
2020	2
2021	2
2022	2
Thereafter	0
Total	6

d. Other assets

Other assets consist of the following:

Other assets – Current

(in thousand BRL Reais)

	As at December 31, 2019	As at December 31, 2018
Advances to suppliers	49	483
Prepaid expenses	415	186
Contract assets	13,868	4,462
Contract fulfillment costs *	449	244
Others	32	218
Total	14,813	5,593

Other assets – Non-current

(in thousand BRL Reais)

	As at December 31, 2019	As at December 31, 2018
Contract assets	1,079	5,164
Contract fulfillment costs*	441	685
Others	1,006	781
Total	2,526	6,630

* Contract fulfillment cost of 298 thousand BRL Reais and 21 thousand BRL Reais for the year ended December 31, 2019 and 2018, respectively, have been amortized in the profit or loss. Refer note 9 for changes in contract assets.

e. Other liabilities

Other liabilities consist of the following:

Other liabilities – Current

(in thousand BRL Reais)

	As at December 31, 2019	As at December 31, 2018
Indirect tax payable and other statutory liabilities	23,141	19,674
Advance received from customers	89	53
Total	23,230	19,727

9. REVENUE RECOGNITION

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

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

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals and geography.

Revenue disaggregation by nature of services is as follows:

	(in thousand BRL Reais)	
	Year ended December 31, 2019	Nine Months Period ended December 31, 2018
Consultancy Services	409,139	248,611
Total	409,139	248,611

Revenue disaggregation by industry vertical is as follows:

	(in thousand BRL Reais)	
	Year ended December 31, 2019	Nine Months Period ended December 31, 2018
Industry Vertical		
Banking, Financial and Insurance	114,269	66,121
Manufacturing	171,578	88,702
Retail and Consumer Products	25,417	22,005
Communication, Media and Technology	36,451	20,031
Others	61,424	51,752
Total	409,139	248,611

Revenue disaggregation by geography is as follows:

	(in thousand BRL Reais)	
	Year ended December 31, 2019	Nine Months Period ended December 31, 2018
Geography		
Ibero America	311,712	174,870
America	74,023	44,120
Europe	21,725	-
India	175	-
Others	1,504	29,621
Total	409,139	248,611

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is 166,242 thousand BRL Reais out of which 47.21 percent is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Movement in contract assets is given below

	(in thousand BRL Reais)
	Amount
Opening Balance as on 1 January 2019	9,626
Add: Revenue Recognized during the year	24,320
Less: Invoices raised during the year	(19,141)
Add/Less: Translation difference	142
Closing Balance as on 31 December 2019	14,947

Movement in contract liabilities is given below:

	(in thousand BRL Reais)
	Amount
Opening Balance as on 1 January 2019	3,868
Less: Revenue recognised that was included in the contract liability balance at the beginning of the period.	(3,166)
Add: Increase due to invoicing during the year, excluding amounts recognised as revenue during the year.	3,149
Add/Less: Translation difference	(123)
Closing Balance as on 31 December 2019	3,728

10. 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 benefits expenses, depreciation and amortization and other operating expenses. Employee benefits 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.

Other operating expenses

(in thousand BRL Reais)

	Year ended December 31, 2019	Nine Months Period ended December 31, 2018
Fees to external consultants and others	36,668	28,028
Facility expenses	7,745	5,996
Travel expense	9,549	6,610
Communication expense	2,418	2,141
Bad debts and advances written off, allowance for doubtful trade receivable and advances (net)	(61)	(12)
Other expenses	21,653	7,184
Total	77,972	49,947

Note : In current year the company has changed grouping of Project Expenses from Fees to external consultants and others to Other Expenses, in previous period the same was grouped under Fees to external consultants and others.

• Expenses by function

(in thousand BRL Reais)

	Year ended December 31, 2019	Nine Months Period ended December 31, 2018
Cost of revenue	305,767	168,096
Selling, general and administrative expenses	95,344	63,833
Total	401,111	231,929

11. OTHER INCOME

a. Finance and other income

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

(in thousand BRL Reais)

	Year ended December 31, 2019	Nine Months Period ended December 31, 2018
Interest income on bank deposits	129	14
Total	129	14

b. Finance costs

(in thousand BRL Reais)

	Year ended December 31, 2019	Nine Months Period ended December 31, 2018
Interest on Lease Liabilities	3,500	-
Interest on loans other than banks	789	515
Other interest expense	44	446
Total	4,333	961

c. Other Gains / (Losses) (net)

(in thousand BRL Reais)

	Year ended December 31, 2019	Nine Months Period ended December 31, 2018
Net gain / (loss) on disposal of property, plant and equipment	(23)	107
Net gain / (loss) on disposal of intangibles	(103)	-
Net foreign exchange gains (losses)	(850)	(2,204)
Others	97	42
Total	(879)	(2,055)

12. INCOME TAXES

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the period/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 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

The Company accounts for the deferred income taxes using the balance sheet approach. 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 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 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.

The income tax expense consists of the following:

(in thousand BRL Reais)

	Year ended December 31, 2019	Nine Months Period ended December 31, 2018
Current Tax		
Current tax expense for current period / year	7,937	5,221
	7,937	5,221
Deferred tax		
Deferred tax (benefit) / expense for current period / year	(12,134)	(32,311)
Deferred tax expense / (benefit) pertaining to prior years	-	-
	(12,134)	(32,311)
Total	(4,197)	(27,090)

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:

	(in thousand BRL Reais)	
	Year ended December 31, 2019	Nine Months Period ended December 31, 2018
Profit before taxes	2,945	13,680
Federal income tax rate	34%	34%
Expected income tax expense	1,001	4,651
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
DTA created on B/F loss and temporary differences of earlier period	-	(32,949)
Tax pertaining to prior years	(6,008)	(38)
Others (net)	810	1,246
Total income tax expense	(4,197)	(27,090)
Effective Tax Rate	- 143%	- 198%

Significant components of net deferred tax assets and liabilities for the period ended December 31, 2019 are as follows:

	(in thousand BRL Reais)			
	Opening balance	Recognised/ Reversed in profit or loss	Recognised through retained earnings	Closing balance
Deferred tax assets / (liabilities) in relation to				
Goodwill Amortization	(11,256)			(11,256)
Unbilled Revenue (net of UER) (refer note b)	(10,625)	10,625		-
Accumulated Losses (refer note a)	48,665	(3,379)		45,286
Transition impact of IFRS 16 (Refer Note 7)	-	661	423	1,084
Others	5,527	4,226	-	9,753
Total deferred tax asset / (liabilities)	32,311	12,133	423	44,867

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

	(in thousand BRL Reais)			
	Opening balance	Recognised/ Reversed in profit or loss	Recognised through retained earnings	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)	(3,768)		(10,625)
Accumulated Losses (refer note a)	18,113	30,552		48,665
Others	-	5,527	-	5,527
Total deferred tax asset / (liabilities)	-	32,311	-	32,311

Note

- As at December 31, 2019, the Company's accumulated tax loss carry forwards is 133,193 thousand BRL reais (143,131 thousand BRL reais as at December 31, 2018). In accordance with the prevailing tax law, tax loss carry forwards may be carried forward indefinitely but their utilization is limited to 30 percent of future annual taxable income.
- The Company has reported the current tax expense based on revenue recognized. Accordingly, Deferred Tax Liability of 10,625 thousand BRL reais as at December 31, 2018 has been reversed over unbilled receivable net of unearned and deferred revenue of 31,249 thousand BRL reais.

Direct tax Contingencies

The company has ongoing disputes with Tax authorities in Brasil. These mainly include utilization of tax credit by the Company not validated by tax authority. As at December 31, 2019, the company has contingent liability of 6,106 thousand BRL reais (December 31, 2018: 1,542 thousand BRL reais) in respect of tax demands which are being contested by the Company based on the management evaluation and on the advice of tax consultants.

13. EMPLOYEE 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 date of statement of financial position.

Employee cost consists of the following:

	(in thousand BRL Reais)	
	Year ended December 31, 2019	Nine Months Period ended December 31, 2018
Salaries, incentives and allowances	244,473	141,001
Contribution to provident and other funds	51,523	29,820
Staff welfare expenses	19,729	10,097
Total	315,725	180,918

Employee benefit obligations consist of the following:

Employee benefit obligations – Current

	(in thousand BRL Reais)	
	Year ended December 31, 2019	Nine Months Period ended December 31, 2018
Compensated absences	18,983	14,792
Other employee benefit obligations	95	54
Total	19,078	14,846

14. COMMITMENTS AND CONTINGENCIES

• Capital Commitments

The company has contractually committed (net of advances) 1,056 thousand BRL reais and 0.21 thousand BRL reais as at December 31 2019 and 2018 respectively, for purchase of property, plant and equipment.

• Direct tax matters

Refer note 12.

• Other claims

As at December 31, 2019, claims aggregating 2,119 thousand BRL reais (December 31, 2018: 1,524 thousand BRL reais) against the Company have not been acknowledged as debts.

15. RELATED PARTY TRANSACTIONS

The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

Transactions with related parties are as follows:

(in thousand BRL Reais)

	Year ended December 31, 2019				
	Tata Sons Limited	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Associates / Joint ventures of Tata Sons Limited and their subsidiaries	Total
Revenue from operations	-	65,606	17,619	4,510	87,735
Purchases of goods and services (including reimbursements)	-	31,643	1,780	2,863	36,286
Brand equity contribution	526	-	-	-	526
Finance costs	-	-	789	-	789
Total	526	97,249	20,188	7,373	125,336

(in thousand BRL Reais)

	Nine months Period ended December 31, 2018				
	Tata Sons Limited	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Associates / Joint ventures of Tata Sons Limited and their subsidiaries	Total
Revenue from operations	-	46,046	22,915	6,702	75,663
Purchases of goods and services (including reimbursements)	-	18,543	1,213	-	19,756
Brand equity contribution	448	-	-	-	448
Finance costs	-	-	515	-	515
	448	64,589	24,643	6,702	96,382

Balances receivable from related parties are as follows:

(in thousand BRL Reais)

	As at December 31, 2019				
	Tata Sons Limited	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Associates / Joint ventures of Tata Sons Limited and their subsidiaries	Total
Trade receivables and unbilled receivables	-	7,637	2,363	319	10,319
Other financial assets and other assets	-	2,112	3,703	-	5,815
Total	-	9,749	6,066	319	16,134

(in thousand BRL Reais)

(in thousand BRL Reals)

	As at December 31, 2018				
	Tata Sons Limited	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Associates / Joint ventures of Tata Sons Limited and their subsidiaries	Total
Trade receivables and unbilled receivables	-	9,110	5,410	2,303	16,823
Other financial assets and other assets	-	-	-	-	-
Total	-	9,110	5,410	2,303	16,823

Balances payable to related parties are as follows:

(in thousand BRL Reais)

	As at December 31, 2019				
	Tata Sons Limited	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Associates / Joint ventures of Tata Sons Limited and their subsidiaries	Total
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	1,827	40,378	22,547	-	64,752
Total	1,827	40,378	22,547	-	64,752

(in thousand BRL Reais)

	As at December 31, 2018				
	Tata Sons Limited	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Associates / Joint ventures of Tata Sons Limited and their subsidiaries	Total
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	1,301	23,930	17,054	-	42,285
Total	1,301	23,930	17,054	-	42,285

Compensation to key management personnel

(in thousand BRL Reais)

	Year ended December 31, 2019	Nine Months Period ended December 31, 2018
Short-term benefits	3,188	2,668
Total	<u>3,188</u>	<u>2,668</u>

16. SUBSEQUENT EVENTS**Clarifications on the impacts of COVID-19**

The World Health Organization declared the coronavirus pandemic (COVID-19) on March 11, 2020. To contain the spread of the virus in Brazil, the Ministry of Health and state governments announced several measures to reduce the agglomeration and movement of people, including the closing of commercial establishments, parks, and common areas. Such measures may impact the sales volume, operating cash flow and the Company's financial situation.

In view of this scenario, the Company created a Crisis Committee to monitor the main risks and potential impacts and to adopt preventive and emergency measures to mitigate the effects of the pandemic, meeting daily to discuss the issues. Under the terms of Decree nº 10.282/20, which regulates Law nº 13.979/20 and defines public services and essential activities in the context of the measures adopted to face the pandemic, the Company's operational activities are classified as essential. Consequently, they have not been directly affected and remain in normal operation. In this sense, the Company is following the guidelines of the Ministry of Health and World Health Organization to preserve the integrity of its employees and for operational continuity.

TATA Consultancy Services de México, S.A. de C.V.
With Independent Auditors' Report Thereon
FINANCIAL STATEMENTS

For the year ended
December 31, 2019

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

(Translation from Spanish Language Original)

The Board of Directors and Stockholders
TATA Consultancy Services de México, S.A. de C.V.

Opinion

We have audited the financial statements of TATA Consultancy Services de México, S.A. de C.V. (the Company), which comprise the statements of financial position as at December 31, 2019 and 2018, the statements of profit or loss and other comprehensive income, changes in stockholders' equity and cash flows for the years ended, and 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 TATA Consultancy Services de México, S.A. de C.V. as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years 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

We draw attention to Note 11 (c) to the financial statements, which describes the effects of a Company's tax contingency. 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.

KPMG CARDENAS DOSAL, S. C.

C.P.C. Francisco Rodriguez Duenas

Monterrey, Nuevo Leon, Mexico
March 25, 2020

Statement of Financial Position

(In millions of Mexican Pesos)

	Note	As at December 31, 2019	As at December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents	6 a	660.96	1,146.69
Trade receivables	6 b	256.03	178.33
Related parties	6 c	801.37	802.41
Unbilled receivables		133.45	94.31
Other current financial assets	6 d a)	0.33	0.33
Other current assets	7 c	568.22	331.79
Total current assets		2,420.36	2,553.86
Non-current assets			
Related parties	6 c	22.68	55.01
Unbilled receivables		-	0.41
Other non-current financial assets	6 d b)	132.25	132.25
Income tax assets (net)	11	195.36	28.79
Deferred tax assets	11	226.62	174.33
Equipment, net	7 a	-	-
Other non-current assets	7 c	0.14	14.09
Total non-current assets		577.05	404.88
TOTAL ASSETS		2,997.41	2,958.74
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	7 d	32.51	47.01
Related parties	6 c	781.37	467.00
Provisions		1.45	3.69
Other current liabilities	7 e	10.88	4.23
Other current financial liabilities	6 e	0.93	1.01
Unearned and deferred revenue		5.66	11.94
Income tax liabilities	11	241.81	219.30
Total current liabilities		1,074.61	754.18
TOTAL LIABILITIES		1,074.61	754.18
Equity			
Share Capital	6 i	2.61	2.61
Legal reserves		0.01	0.01
Retained earnings		1,920.18	2,201.94
Total Equity		1,922.80	2,204.56
TOTAL LIABILITIES AND EQUITY		2,997.41	2,958.74

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

Statement of Profit or Loss and Other Comprehensive Income

(In millions of Mexican Pesos)

	Note	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenue from operations	8	5,827.64	5,785.56
Sale of equipment and software licenses		6.52	-
Total revenues		5,834.16	5,785.56
Operating expenses			
Employee benefits expense	12	0.33	(1.22)
Other operating expense	9	5,170.26	4,730.06
Depreciation and amortisation expense	7 a	-	0.05
TOTAL OPERATING EXPENSES		5,170.59	4,728.89
OPERATING PROFIT		663.57	1,056.67
Other income / (expense)			
Finance income	10 a	4.66	5.09
Finance costs	10 b	(1.64)	(0.16)
Other gains, (net)	10 c	(69.73)	1.77
		(66.71)	6.70
PROFIT BEFORE INCOME TAXES		596.86	1,063.37
Income tax expense	11	292.58	522.38
NET INCOME		304.28	540.99

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

Statement of changes in stockholder's equity

(In millions of Mexican Pesos, except share data)

	Number of shares (Fixed and variable)	Equity share capital	Legal reserves	Retained earnings	Total equity
Balance as of January 01, 2018	2,614,406	2.61	0.01	1,786.90	1,789.52
Net income of the year	-	-	-	540.99	540.99
Dividend distribution	-	-	-	(125.95)	(125.95)
Balance as of December 31, 2018	2,614,406	2.61	0.01	2,201.94	2,204.56
Net income of the year	-	-	-	304.28	304.28
Dividend distribution	-	-	-	(586.04)	(586.04)
Balance as of December 31, 2019	2,614,406	2.61	0.01	1,920.18	1,922.80

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

Statement of Cash Flows

(In millions of Mexican Pesos)

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation and amortisation expense

Net financial income

Income tax expense

Exchange fluctuation on loans granted

Net change in:

Trade receivables

Related parties

Unbilled receivables

Other financial assets (current and non-current)

Other assets (current and non-current)

Trade payables

Other financial liabilities (current)

Unearned and deferred revenues

Other liabilities (current and non-current)

Cash generated from operations

Taxes paid

Net cash provided by operating activities

CASH FLOW FROM INVESTING ACTIVITIES:

Proceeds from loans to related parties

Net cash used in investing activities

Cash flows from investing activities:

CASH FLOWS FROM FINANCING ACTIVITIES:

Dividends paid

Net cash used in financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents, beginning of the year

Cash and cash equivalents, end of the year

For Year ended December 31, 2019	For Year ended December 31, 2018
304.28	540.99
-	0.05
-	1.67
292.58	522.38
2.98	-
(77.69)	203.24
344.76	(21.62)
(38.73)	112.79
-	1.16
(222.48)	150.95
(14.50)	(3.37)
(2.32)	(11.77)
(6.28)	(155.69)
6.65	4.23
589.25	1,345.01
(488.94)	(492.10)
100.31	852.91
-	(105.13)
-	95.78
-	(9.35)
(586.04)	(125.95)
(586.04)	(125.95)
(485.73)	717.61
1,146.69	429.08
660.96	1,146.69

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

Notes forming part of the Financial Statements

1. REPORTING ENTITY

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 15).

Authorization

On March 25, 2020 Mr. Claudio Yukio Yoshida (Finance Director) and Rajeev Gupta (Country Head, Mexico) 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.

2. STATEMENT OF COMPLIANCE

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB).

3. 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.

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.

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. The Company has identified Mexican Pesos as its functional currency.

As of December 31, 2019 and 2018, the peso/dollar exchange rates were \$ 18.89 and \$19.66, 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 millions 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, "GBP" means millions of Great Britain Pound, "CHF" means millions of Swiss Francs, "PEN" means millions of Peruvian Sol and "CLP" means millions of Chilean peso.

The significant accounting policies used in the preparation of the financial statements have been discussed in the respective notes.

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.

Statement of income presentation

The Company presents income in a single statement of net income entitled "Statement of Income" given that the Company did not generate Other Income (OCI) during the current year or the preceding year, which is presented for comparative purposes.

Notes forming part of the Financial Statements

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 operating expenses from total revenues, as this line item is considered to provide a better understanding of the Company's economic and financial performance.

Statement of cash flows

The statement of cash flows of the Company are presented using the indirect method.

4. USE OF ESTIMATES AND JUDGEMENTS

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 at the date of the financial statements, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities and has been discussed below. Key source of estimation of uncertainty in respect of revenue recognition and fair value measurement of financial instruments have been discussed in their respective policies.

a. Revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

Notes forming part of the Financial Statements

- Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

b. Useful lives of equipment

The Company reviews the carrying amount of equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

c. 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 11.

d. 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. 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. Contingent liabilities are not recognized in the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

e. 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.

5. NEWLY ISSUED IFRS NOT YET ADOPTED

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS Standards	References to Conceptual Framework ¹
Amendments to IFRS 3	Definition of Business ¹
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate Benchmark Reform ¹

¹ Effective for annual periods beginning on or after January 1, 2020.

IFRS Standards – References to Conceptual Framework

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Amendments primarily either update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised Framework, with effect from January 1, 2020. The Company does not expect that the amendment to have any impact on its financial statements.

IFRS 3 – Definition of Business

In October 2018, the IASB issued amendments Definition of a Business (Amendments to IFRS 3) to make it easier for companies to decide whether activities and assets they acquire are a business or merely a Company of assets. The amendments confirmed that a business must include inputs, narrowed the definition of a business by focusing the

Notes forming part of the Financial Statements

definition of outputs on goods and services provided to customers and other income from ordinary activities and added a test that makes it easier to conclude that a company has acquired a Company of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or Company of similar assets. The amendments primarily provide clearer application guidance. The Company does not expect that the amendment to have any impact on its evaluation of whether activities and assets acquired are a business or a Company of assets.

IAS 1 and IAS 8 – Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

Obscuring: The existing definition only focused on omitting or misstating information, however, IASB concluded that obscuring material information with information that can be omitted can have a similar effect.

Could reasonably be expected to influence: The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.

Primary users: The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Company does not expect that the amendment to have any impact on its evaluation of 'material' in relation to its financial statements.

IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

In September 2019, IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). The IASB felt that some hedge accounting requirements in IFRS 9 may be affected by uncertainties arising from the impact of the ongoing reform of some major interest rate benchmarks whereby efforts are being made to replace existing benchmarks with alternative, nearly risk free rates. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors. Therefore, IASB has amended specific hedge accounting requirements to provide exceptions during this period of uncertainty. The amendment primarily states that when determining whether a forecast transaction is highly probable, a company shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform. The Company does not expect the amendment to have any significant impact because the Company hedges currency fluctuation risk and contractual cash flows of hedged items and hedging instruments do not vary significantly with changes in interest rate benchmarks.

6. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY 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.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

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

Notes forming part of the Financial Statements

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 income

Financial assets are measured at fair value through other 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 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 amortized cost or at fair value through other 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.

Capital stock

Common shares are classified in stockholders' equity.

Impairment of Financial assets (other than at fair value)

The Company assesses at each date of statement 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. 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.

a. Cash and cash equivalents

Cash and cash equivalents consists of the following:

(In millions of Mexican Pesos)

	As at December 31, 2019	As at December 31, 2018
Current account balances with banks	188.47	1,146.69
Bank deposits (original maturity less than three months)	472.49	-
Total	660.96	1,146.69

As of December 31, 2019 and 2018 there is no restricted cash.

In note 6 (h) the Company discloses the sensitivity analysis for financial assets and liabilities.

Notes forming part of the Financial Statements

b. Trade receivables

Trade receivables consist of the following:

(In millions of Mexican Pesos)

	As at December 31, 2019	As at December 31, 2018
Trade receivables- gross	256.53	178.91
Less: Allowance for doubtful trade receivables	(0.50)	(0.58)
Total	256.03	178.33

Movement in the allowance for bad and doubtful debts are as follows

(In millions of Mexican Pesos)

	As at December 31, 2019	As at December 31, 2018
Balance at the beginning of the year	0.58	0.38
Allowance for doubtful receivables	-	0.20
Amounts recovered during the year	(0.08)	-
Balance at the end of the year	0.50	0.58

c. Related parties

a) Related Parties Assets

Current financial assets

(In millions of Mexican Pesos)

	As at December 31, 2019	As at December 31, 2018
Financial assets		
Trade receivables	581.52	576.52
Unbilled receivables	133.55	160.12
Loans granted	52.92	23.57
Other current financial assets	4.22	3.02
Total Financial assets	772.21	763.23
Other Assets		
Contract assets	29.16	39.18
Total	801.37	802.41

Non- Current financial assets

(In millions of Mexican Pesos)

	As at December 31, 2019	As at December 31, 2018
Loans granted	22.68	55.01
Total Non- Current financial assets	22.68	55.01

Notes forming part of the Financial Statements

b. Related Parties Liabilities

(In millions of Mexican Pesos)

	As at December 31, 2019	As at December 31, 2018
Financial liabilities		
Trade payables	739.40	437.72
Other current financial liabilities	22.02	16.62
Total Financial liabilities	761.42	454.34
Other current liabilities		
Unearned and deferred revenue	19.95	12.66
Total other current liabilities	19.95	12.66
Total	781.37	467.00

For related parties Refer note 15.

d. Other financial assets

Other financial assets consist of the following:

a) Other current financial assets

(In millions of Mexican Pesos)

	As at December 31, 2019	As at December 31, 2018
Others	0.33	0.33
Total	0.33	0.33

b) Other non-current assets

(In millions of Mexican Pesos)

	As at December 31, 2019	As at December 31, 2018
Security deposit	132.25	132.25
Total	132.25	132.25

e. Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities - Current

(In millions of Mexican Pesos)

	As at December 31, 2019	As at December 31, 2018
Payable for volume discount	0.93	1.01
Total	0.93	1.01

Notes forming part of the Financial Statements

f. Financial instruments by category

The carrying value of financial instruments by category as at December 31, 2019 is as follows:

(In millions of Mexican Pesos)

	Amortized cost	Total carrying value
Financial assets		
Cash	660.96	660.96
Trade receivables	256.03	256.03
Related parties	794.89	794.89
Unbilled receivables	133.45	133.45
Other financial assets	132.58	132.58
Total Financial liabilities	1,977.91	1,977.91
Trade payables	32.51	32.51
Related parties	761.42	761.42
Other financial liabilities	0.93	0.93
Total	794.86	794.86

The carrying value of financial instruments by category as at December 31, 2018 is as follows:

(In millions of Mexican Pesos)

	Amortized cost	Total carrying value
Financial assets		
Cash	1,146.69	1,146.69
Trade receivables	178.33	178.33
Related parties	818.24	818.24
Unbilled receivables	94.72	94.72
Other financial assets	132.58	132.58
Total Financial liabilities	2,370.56	2,370.56
Trade payables	47.01	47.01
Related parties	454.34	454.34
Other financial liabilities	1.01	1.01
Total	502.36	502.36

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at December 31, 2019 and December 31, 2018 approximate the fair value. Difference between carrying amounts and fair values of other financial assets and other financial liabilities subsequently measured at amortized cost is not significant in each of the periods presented.

g. Fair value hierarchy

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

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices, included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Notes forming part of the Financial Statements

- 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.

h. Financial risk management

TCS Mexico 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. TCS Mexico 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.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact 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 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 US Dollar and Euro.

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 the Company.

The following analysis has been worked out based on the net exposures for the Company as at the date of statement of financial position which could affect the statement of profit or loss and other income and equity.

The following table sets forth information relating to foreign currency exposure as at December 31, 2019 and December 31, 2018:

(In millions of Mexican Pesos)

	2019									
	USD	EUR	GBP	CAD	CHF	COP	ARS	BRL	CLP	PEN
Net financial assets	962.80	11.83	2.83	0.58	-	3.36	2.32	-	-	1.09
Net financial liabilities	69.34	2.07	0.03	0.21	0.54	0.05	-	0.27	-	-

(In millions of Mexican Pesos)

	2018									
	USD	EUR	GBP	CAD	CHF	COP	ARS	BRL	CLP	PEN
Net financial assets	1,781.65	17.68	7.29	2.58	2.84	80.70	3.84	-	0.10	1.13
Net financial liabilities	93.45	-	0.03	0.43	0.35	-	-	-	-	-

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of TCS Mexico would result in decrease / increase in the Company's profit before tax by approximately MXN 91.23 and MXN 180.36 for the year ended December 31, 2019 and December 31, 2018 respectively.

Notes forming part of the Financial Statements

ii. Interest rate risk

The Company's investments are primarily in fixed rate bearing investments. Hence, the Company is not significantly exposed 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 after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, investments, cash and cash equivalents, bank deposits and other financial assets. Cash and cash equivalents include an amount of MXN 660.97 held with a Mexican bank having high quality credit rating which are individually in excess of 10% or more of the Company's total cash and cash equivalents as at 31st December 2019. 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 MXN 1,977.91 and MXN 2,370.56 as of December 31, 2019 and December 31, 2018, respectively being the total of the carrying amount of cash and cash equivalents, trade receivables and unbilled receivables and other financial assets.

Trade receivables and Unbilled receivables

The Company's exposure to credit risk with regards to trade receivables and unbilled receivables is influenced mainly by the individual characteristics of each customer in relation to the industry practices and business environment in which they operate. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 272 days for its customers after which they are in default (credit impaired). To manage this risk, the Company has a robust Credit Management process in place. The Company has adopted a policy of dealing only with creditworthy counterparties. The Company's exposure of the counterparties are continuously monitored and necessary changes to the credit terms are made. The carrying amounts of financial assets represent the maximum credit risk exposure.

TCS Mexico's exposure to customers is diversified and single customer which explains more than 10% of outstanding trade receivable and unbilled receivables as at December 31, 2019 and 2018 are as follows:

(In millions of Mexican Pesos)

As at December 31, 2019		As at December 31, 2018		
Total Trade receivables and Unbilled receivables	Percentage	Total Trade receivables and Unbilled receivables	Percentage	
Customer A	507.13	45.91	544.80	53.96

None of the other financial instruments of the Company result in material concentration of credit risk.

Geographic concentration of credit risk

Geographic concentration of trade receivables (net of allowances) and unbilled receivables is as follows:

(% p.a.)

	As at December 31, 2019	As at December 31, 2018
Americas	92.41	94.53

Notes forming part of the Financial Statements

Geographical concentration of trade receivables and unbilled receivables is allocated based on the location of the customers.

The Company uses an allowance matrix to measure the expected credit loss of trade receivable from customers. The expected credit loss allowance is based on the ageing of the days the receivables are due and are as follows:

[(In millions of Mexican Pesos)]

31-Dec-19	Weighted average loss rate	Gross Carrying Amount	Loss Allowance	Credit impaired
No Due	0.05%	213.94	0.12	No
1-90	0.20%	30.04	0.06	No
91-180	1.19%	4.77	0.06	No
181-272	9.52%	5.54	0.53	No
>272	100.00%	-	-	Yes

*Gross carrying amount excludes inter-company receivables

iv. Liquidity risk

Liquidity risk refers to the risk that TCS Mexico 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.

TCS Mexico 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:

[(In millions of Mexican Pesos)]

December 31, 2019

Non-derivative financial liabilities:

Trade payables
Related parties
Other financial liabilities
Total

Due in 1 st Year	Total
32.51	32.51
761.42	761.42
0.93	0.93
794.86	794.86
Due in 1 st Year	Total
47.01	47.01
454.34	454.34
1.01	1.01
502.36	502.36

December 31, 2018

Non-derivative financial liabilities:

Trade payables
Related parties
Other financial liabilities
Total

i. Stockholders' equity

The movements of deferred tax assets (liabilities) for the year are as follows:

[(In millions of Mexican Pesos)]

(a) Authorised

Equity shares of MXN 1 each (2,614,406 shares and 2,614,406 shares)
Total

As at December 31, 2019	As at December 31, 2018
2.61	2.61
2.61	2.61

Notes forming part of the Financial Statements

(In millions of Mexican Pesos)

	As at December 31, 2019	As at December 31, 2018
(b) Issued, Subscribed and Paid up		
Equity shares of MXN 1 each (2,614,406 shares and 2,614,406 shares)	2.61	2.61
Total	2.61	2.61

A) Structure of share capital

As of December 31, 2019, 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.

In the event of liquidation of the Company, the holders of shares are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

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 and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

B) Structure of share capital

At the Regular General Stockholders' Meeting held on February 01, 2019, a resolution was passed to declare a dividend from retained earnings in the amount of and MXN 89.68 which were paid on February 19, 2019.

At the Extra ordinary General Stockholders' Meeting held on May 02, 2019, a resolution was passed to declare a dividend from retained earnings in the amount of and MXN 288.93 which were paid on May 10, 2019.

At the Extra ordinary General Stockholders' Meeting held on August 12, 2019, a resolution was passed to declare a dividend from retained earnings in the amount of MXN 148.73, which were paid on August 13, 2019.

At the Regular General Stockholders' Meeting held on December 04, 2019, a resolution was passed to declare a dividend from retained earnings in the amount of and MXN 58.70 which were paid on December 04, 2019.

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 share capital. As of December 31, 2019 and 2018, the same has been constituted at MXN 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 Stakeholders equity, 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.

7. NON-FINANCIAL ASSETS AND LIABILITIES

a. Equipment

Equipment is 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.

Notes forming part of the Financial Statements

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 pattern expected of the future economic benefits included in the asset

The annual depreciation rates of the assets as follows:

Particulars	% 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.

Equipment is 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 profit or loss.

Equipment comprise of the following:

(In millions of Mexican Pesos)

	Transportation equipment	Computer equipment	Furniture and fixtures	Total
Gross block as of January 1, 2019	0.68	5.17	1.29	7.14
Purchases	-	-	-	-
Disposals	-	-	-	-
Gross block as of December 31, 2019	0.68	5.17	1.29	7.14
Accumulated depreciation as of January 1, 2019	0.68	5.17	1.29	7.14
Disposals	-	-	-	-
Depreciation for the year	-	-	-	-
Accumulated depreciation as of December 31, 2019	0.68	5.17	1.29	7.14
Net carrying amount as of December 31, 2019	-	-	-	-
Capital work-in-progress	-	-	-	-
Total	-	-	-	-

Notes forming part of the Financial Statements

(In millions of Mexican Pesos)

Gross block as of January 1, 2018

Purchases

Disposals

Gross block as of December 31, 2018

Accumulated depreciation as of January 1, 2018

Disposals

Depreciation for the year

Accumulated depreciation as of December 31, 2018

Net carrying amount as of December 31, 2018

Capital work-in-progress

Total

Transportation equipment	Computer equipment	Furniture and fixtures	Total
0.68	5.17	1.29	7.14
-	-	-	-
-	-	-	-
0.68	5.17	1.29	7.14
0.68	5.15	1.26	7.09
-	-	-	-
-	0.02	0.03	0.05
0.68	5.17	1.29	7.14
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

b. 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 statement of income 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.

c. Other assets

Other assets consist of the following:

Other assets - Current

(In millions of Mexican Pesos)

	As at December 31, 2019	As at December 31, 2018
Advance to suppliers	4.07	1.86
Value added tax recoverable	531.05	293.22
Other advances	-	0.01
Contract assets	31.22	36.70
Prepaid expense	0.14	-
Other current assets	1.74	-
Total	568.22	331.79

Notes forming part of the Financial Statements

Other assets - Non current

(In millions of Mexican Pesos)

	As at December 31, 2019	As at December 31, 2018
Contract assets	0.14	14.09
Total	0.14	14.09

d. Trade payables

Trade payables consist of the following:

(In millions of Mexican Pesos)

	As at December 31, 2019	As at December 31, 2018
Trade payables	32.51	47.01
Total	32.51	47.01

e. Other current liabilities

Other liabilities consist of the following:

Other liabilities - Current

(In millions of Mexican Pesos)

	As at December 31, 2019	As at December 31, 2018
Advance received from customers	0.39	4.22
Indirect tax payable and other statutory liabilities	10.49	0.01
Total	10.88	4.23

8. REVENUE FROM OPERATIONS

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

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

- Revenue from time and material and job contracts is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognized using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognized upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customization services rendered significantly modifies or customizes the software, these services and software are accounted for as a single performance obligation and revenue is recognized over time on a POC method .

Notes forming part of the Financial Statements

- Revenue from the sale of distinct third party hardware is recognized at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognized when there is billings in excess of revenues.

The billing to customers follow different schedules based upon the nature and type of goods and services being transferred. The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognizes an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Revenue disaggregation by industry vertical is as follows:

(In millions of Mexican Pesos)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Industry Vertical		
Banking, Financial & Insurance	3,593.27	3,864.85
Retail and Consumer Products	909.08	673.61
Manufacturing	354.91	356.84
Consumer, Media and Technology	437.80	392.55
Others	539.10	497.71
Total	5,834.16	5,785.56

Revenue disaggregation by geography is as follows:

(In millions of Mexican Pesos)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Geography		
America	5,497.06	5,478.06
Europe	300.36	286.19
Others	36.74	21.31
Total	5,834.16	5,785.56

Notes forming part of the Financial Statements

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has applied practical expedient of not disclosing the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is MXN 1,340.98 out of which 69.89% is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Movement in contract assets is given as below:

(In millions of Mexican Pesos)

	As at December 31, 2019
Opening balance as on January 1' 2019	89.97
+ Revenue recognized during the year	216.06
- Invoices raised during the year	243.05)
+/- Translation	(2.48)
Closing balance as on December 31' 2019	60.50

Movement in contract liabilities is given as below:

(In millions of Mexican Pesos)

	As at December 31, 2019
Opening balance as on January 1' 2019	154.88
(-) Revenue recognised that was included in the contract liability balance at the beginning of the period	(21.80)
+/- Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	108.16)
+/- Translation	0.68
Closing balance as on December 31' 2019	25.60

9. 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, 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 and other expenses.

Notes forming part of the Financial Statements

Other operating expense

(In millions of Mexican Pesos)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Fees to external consultants and others *	5,036.49	4,589.93
Travel expense	3.64	2.68
Communication expense	20.20	25.32
Bad debts and advances written off, allowance for doubtful trade receivable and advances (net)	(0.08)	0.12
Other expenses *	110.01	112.01
Total	5,170.26	4,730.06

* Previous year numbers have been regrouped wherever necessary

Other expenses includes MXN 0.8 as rent for premises on short-term basis. The same has not been considered under IFRS 16 by applying the recognition exemption given by the standard.

Expense by function

(In millions of Mexican Pesos)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Cost of revenues	4900.91	4,396.11
Selling, general and administrative expenses	269.68	332.78
Total	5,170.59	4,728.89

10. OTHER INCOME

Finance income and cost, and other gains, (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.

a. Finance and other income

(In millions of Mexican Pesos)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest income on bank deposits	1.12	0.89
Interest income on loans	3.54	4.20
Total	4.66	5.09

Notes forming part of the Financial Statements

b. Finance cost

(In millions of Mexican Pesos)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Others	1.64	0.16
Total	1.64	0.16

c. Other (losses)/ gains (net)

(In millions of Mexican Pesos)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Net foreign exchange loss	(94.34)	(13.04)
Others	24.61	14.81
Total	(69.73)	1.77

11. INCOME TAXES (IT)

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

1. Current tax

Current income tax ("ISR") are recognized in the results of the year in which is incurred.

2. Deferred income tax

Deferred income taxes 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 tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent 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 tax 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 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.

IT Law effective as of January 1, 2014 imposes an IT rate of 30% for 2014 and thereafter.

Notes forming part of the Financial Statements

The income tax expense consist of the following:

(In millions of Mexican Pesos)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Current income tax expense	344.87	584.29
Deferred income tax	(52.29)	(61.91)
Total	292.58	522.38

Current income tax expense includes a provision of MXN 142.45 towards tax pertaining to prior years.

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)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Income before income taxes	596.86	1,063.37
Income tax rate	30%	30%
Expected income tax expense	179.06	319.01
Tax pertaining to prior years [1]	142.45	216.95
No deductibles	(13.22)	14.89
Inflation effects	(15.71)	(28.47)
Total income tax expense	292.58	522.38

[1] Direct review provision. As noted in footnote 11 c), the Company was subject to an audit from the Tax Administration Service ("SAT" or "Tax Authority"). As a result, during 2019 the Company revised the amount of provision. Within such provision an amount of MXN 142.45 was recognized as income tax expense, including taxes, accessories and penalties. In 2018, the Company recognized a provision, considering its best estimate regarding the possible disbursement of resources, included taxes and accessories.

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)

	As at December 31, 2019	As at December 31, 2018
Deferred income asset:		
Advance payments	224.03	173.41
Reserves and provisions	2.53	0.85
Equipment, net	0.06	0.07
Total deferred tax assets	226.62	174.33

The movements of deferred tax assets (liabilities) for the year are as follows:

(In millions of Mexican Pesos)

	As at December 31, 2019	As at December 31, 2018
Beginning balance	174.33	112.42
IT applied to income of the year	52.29	61.91
	226.62	174.33

Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended December 31, 2019 are as follows:

(In millions of Mexican Pesos)

	Opening balance	Recognised in profit or loss	Recognised in / reclassified from other comprehensive income	Exchange difference	Closing balance
Deferred tax assets / (liabilities) in relation to					
Equipment, net	0.07	(0.01)	-	-	0.06
Advance payments	173.41	50.62	-	-	224.03
Reserves and provisions	0.85	1.68	-	-	2.53
Total deferred tax asset / (liabilities)	174.33	52.29	-	-	226.62

(In millions of Mexican Pesos)

As on December 31, 2019

Deferred tax assets / (liabilities) in relation to

Equipment, net

Advance payments

Reserves and provisions

Total deferred tax asset / (liabilities)

Assets	Liabilities	Net
0.06	-	0.06
224.03	-	224.03
2.53	-	2.53
226.62	-	226.62

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

(In millions of Mexican Pesos)

	Opening balance	Recognised in profit or loss	Recognised in / reclassified from other comprehensive income	Exchange difference	Closing balance
Deferred tax assets / (liabilities) in relation to					
Equipment, net	0.07	-	-	-	0.07
Advance payments	107.16	66.25	-	-	173.41
Reserves and provisions	5.19	4.34	-	-	0.85
Total deferred tax asset / (liabilities)	112.42	61.91	-	-	174.33

(In millions of Mexican Pesos)

As on December 31, 2018

Deferred tax assets / (liabilities) in relation to

Equipment, net

Advance payments

Reserves and provisions

Total deferred tax asset / (liabilities)

Assets	Liabilities	Net
0.07	-	0.07
173.41	-	173.41
0.85	-	0.85
174.33	-	174.33

Notes forming part of the Financial Statements

Direct Tax Contingencies

- a) In accordance with Mexican tax law, the tax authorities are empowered to examine transactions carried out during the five years prior to the most recent income tax return filed.
- b) 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.

- c) On September 11, 2019, the Company has received a notification from the Tax Authority determining a tax debit for the amount of MXN 838.09 for income tax and value added tax, update surcharges and fines, corresponding to fiscal year 2013, as well as an alleged omission in the provisional income tax payment for certain months corresponding to the fiscal years 2014 and 2015.

In the opinion of the internal and external lawyers of the Company approximately a part of this tax debit is unduly determined by the tax authority, among other reasons, because the authority is including the omitted amounts payment of MXN 120 made by the Company on September 2, 2019 correcting its tax situation. Such amount was determined on the conclusive agreement between the Company and the Mexican Tax Authorities signed before the Taxpayer Defense Office (PRODECON). In consequence, on September 2, 2019, the Company submitted the complementary tax filings with the corresponding corrections. The Company has also submitted similar complimentary tax filing for the period Jan-Feb 2014, correcting the fiscal situation amounting to MXN 9.6.

On October 24, 2019, an appeal for revocation was filled against said resolution before the Central Administration of the Contentious of Large Taxpayers of the Tax Administration Service.

On December 5, 2019, the Company presented the information requested in the SAT notification.

Currently, the appeal for revocation is under study by the officials of the Central Administration of the Contentious of Large Taxpayers of the Tax Administration Service.

In case of obtaining an unfavorable resolution, the Company will file an annulment petition before the Federal Court of Administrative Justice, against the decision of the tax credit.

As a result of management's evaluation, the Company decided to recognize a provision of MXN 232.2 pertaining to income tax from the observations from the Tax Authority. For the remaining matter of observation from the Tax Authority, the Company has evaluated that the ultimate outcome of the matter cannot be determined presently and, accordingly, no provision for any effects on the Company that may result has been made in the financial statements.

12. EMPLOYEE BENEFIT EXPENSE

Employee benefits expense consist of the following:

(In millions of Mexican Pesos)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Salaries, incentives and allowances	-	(1.22)
Staff welfare expenses	0.33	-
Total	0.33	(1.22)

13. BUSINESS AND CREDIT CONCENTRATION

For the years ended at December 31, 2019 and 2018, consultancy services rendered to related parties represented 67% and 65%, respectively of the Company's total consultancy service revenue.

For the years ended at December 31, 2019 and 2018, purchase of services from a related party represented 77% and 69%, respectively of the Company's total operating expenses.

Notes forming part of the Financial Statements

14. CONTINGENCIES AND COMMITMENTS

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.

1. 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 2019. Total payments under these agreements, reported under administrative expenses, were MXN 4,986.86 in 2019 and MXN 4,660.80 in 2018.
2. 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).
3. As at December 31, 2019, claims aggregating to MXN 9.11 against the Company have not been acknowledged as debts.
4. The Company has contractually committed (net of advances) MXN 2.58 as at December 31, 2019 and MXN 2.58 as at December 31, 2018 for purchase of equipment.

15. RELATED PARTY DISCLOSURE

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.

Transactions with related parties-

(In millions of Mexican Pesos)

	With Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
For the year ended December 31, 2019				
Revenue from operations	-	3,745.20	160.18	3,905.38
Interest income	-	-	3.54	3.54
Other income	-	-	2.65	2.65
Purchase of services and cost recovery	-	1,010.85	4,078.06	5,088.91
Brand equity contribution	3.58	-	-	3.58
Dividend paid	-	-	586.04	586.04
Rental expense	-	-	0.87	0.87
For the year ended December 31, 2018				
Revenue from operations	-	2,824.05	923.74	3,747.79
Interest income	-	-	4.20	4.20
Other income	-	-	8.21	8.21
Purchase of services and cost recovery	-	1,319.15	3,341.65	4,660.80
Brand equity contribution	7.04	-	-	7.04
Dividend paid	-	-	125.95	125.95

Notes forming part of the Financial Statements

Balances receivable from related parties –

(In millions of Mexican Pesos)

	With Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
As on December 31, 2019				
Trade receivables, Unbilled receivables and Other Receivables (1)	-	659.88	88.57	748.45
Loans given (2)	-	-	75.60	75.60
Total	-	659.88	164.17	824.05
As on December 31, 2018				
Trade receivables, Unbilled receivables and Other Receivables (1)	-	576.35	202.49	778.84
Loans given (2)	-	-	78.58	78.58
Total	-	576.35	281.07	857.42

- 1) The balances receivable come from consultancy and administrative services rendered to the related parties and will be liquidated within the commercial terms agreed by the Company.
- 2) A loan of US\$ 4 million was granted to TCS do Brazil Ltda. during 2018, leaving a balance of MXN 75.60 (US\$ 4 million) as of December 31, 2019 with an interest rate of 4.5%.

Balances payable to related parties-

(In millions of Mexican Pesos)

	With Tata Sons Limited, ultimate parent company	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
As on December 31, 2019				
Trade and other payables (1)	3.58	146.18	631.61	781.37
Total	3.58	146.18	631.61	781.37
As on December 31, 2018				
Trade and other payables (1)	3.88	124.94	338.18	467.00
Total	3.88	124.94	338.18	467.00

- 1) The balances payable come from consultancy and administrative services received from the related parties and will be liquidated within the commercial terms agreed by the Company.

16. SUBSEQUENT EVENT

On January 31, 2020, the World Health Organization (WHO) announced COVID-19 (Coronavirus) as a global health emergency. The spread of this COVID-19 pandemic (Coronavirus) has generated volatility and uncertainty in the financial markets and in the economic environment worldwide. In view of this scenario, the Company's management has adapted its operations based on the prevailing situation and is monitoring the developments meeting daily to discuss the issues. Consequently, activities have not been directly affected and remain in normal operation. In this sense, the Company is following the guidelines of WHO to preserve the integrity of its employees and for operational continuity. As of the date of the issuance of the Financial Statements, the impact of the COVID-19 contingency, if any, is difficult to assess in the financial position.

MGDC, S.C.

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**For the year ended
December 31, 2019**

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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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, 2019 and 2018, and the statements of comprehensive income, changes in partners' equity and cash flows for the years ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MGDC, S. C. as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years 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 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 note 15 to the accompanying financial statements, the main activity is to provide consultancy services mainly to its related parties. At December 31, 2019 and 2018, this operation represents the 100% of the revenues. Our opinion is not modified in respect of this matter.

We draw attention to note 8, which describes the effects regarding the adoption of IFRS 16 "Leases" using the modified retrospective approach. 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 the Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

March 25, 2020
Monterrey, Nuevo
Leon, Mexico

CARDENAS DOSAL, S. C.
KPMG

Francisco Rodriguez Dueñas

Statement of Financial Position

(In millions of Mexican pesos)

	Note	As of December 31, 2019	As of December 31, 2018
ASSETS			
Current assets			
Cash	7 (a)	31.12	5.95
Related parties	7 (b)	627.75	326.50
Other current financial assets	7 (c)	29.61	21.19
Other current assets	9 (c)	21.31	24.62
Total current assets		709.79	378.26
Non-current assets:			
Other non-current financial assets	7 (c)	7.34	10.77
Income tax assets (net)		44.18	46.25
Leasehold improvements, furniture and equipment	9 (a)	306.24	283.57
Right-of-use assets	8	282.45	-
Intangible assets	9 (b)	1.45	2.08
Other non-current assets	9 (c)	0.41	3.50
Total non-current assets		642.07	346.17
TOTAL ASSETS		1,351.86	724.43
LIABILITIES AND PARTNERS' EQUITY:			
Liabilities:			
Current liabilities:			
Trade and other payables	9 (d)	117.80	87.09
Lease liabilities	8	46.32	-
Other current financial liabilities		6.17	4.48
Employee benefit obligations-current	14	154.22	63.39
Other current liabilities	9 (e)	128.43	94.31
Total current liabilities		452.94	249.27
Non-current liabilities:			
Lease liabilities	8	251.28	-
Employee benefit obligation-non current	14	102.37	54.90
Deferred tax liabilities (net)	13	17.75	23.26
Total non-current liabilities		371.40	78.16
TOTAL LIABILITIES		824.34	327.43
Partners' equity:			
Partners' capital		0.05	0.05
Other comprehensive income		(13.64)	9.90
Retained earnings		541.11	387.05
Total partners' equity		527.52	397.00
TOTAL LIABILITIES AND EQUITY		1,351.86	724.43

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

Statement of Profit or Loss and Other Comprehensive Income

(In millions of Mexican pesos)

	Note	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenues			
Consultancy services		4,027.86	3,275.61
Operating expenses:			
Employee benefit expense	14	3,279.61	2,629.74
Operation and other expense	11	329.82	341.68
Depreciation and amortization expense	8, (9a), (9b)	156.56	99.67
TOTAL OPERATING EXPENSES		3,765.99	3,071.09
OPERATING PROFIT		261.87	204.52
Other income / (expense):			
Finance and other income	12 (a)	2.03	0.34
Other gains, (net)	12 (c)	14.13	6.76
Finance costs	12 (b)	(35.38)	(13.17)
OTHER (EXPENSE) INCOME, NET		(19.22)	(6.07)
PROFIT BEFORE INCOME TAXES		242.65	198.45
Income tax expense	13	79.45	57.90
PROFIT FOR THE YEAR		163.20	140.55
OTHER COMPREHENSIVE INCOME (LOSS):			
Items that will be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations	14 (c)	(25.60)	9.18
Total other comprehensive income / (losses) , net of taxes		(25.60)	9.18
TOTAL COMPREHENSIVE INCOME		137.60	149.73

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

Statement of Changes in Partners' Equity

(In millions of Mexican pesos)

	Share capital	Retained earnings	Other comprehensive income actuarial gain on employee benefits	Total partners equity
Balance as of January 01, 2018	0.05	246.50	0.72	247.27
Net income	-	140.55	-	140.55
Comprehensive income for the year	-	-	9.18	9.18
Total comprehensive income	-	140.55	9.18	149.73
Balance as of January 01, 2019	0.05	387.05	9.90	397.00
Transition impact of IFRS 16	-	(7.08)	-	(7.08)
Restated balance as of January 01, 2019	0.05	379.97	9.90	389.92
Net income	-	163.20	-	163.20
Reclassification	-	(2.06)	2.06	-
Comprehensive income for the year	-	-	(25.60)	(25.60)
Total comprehensive income	-	154.06	(23.54)	130.52
Balance as of December 31, 2019	0.05	541.11	(13.64)	527.52

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

Statement of Cash Flows

(In millions of Mexican pesos)

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	163.20	140.55
Adjustment to reconcile profit or loss to net cash provided by operating activities:		
Depreciation and amortisation expense	156.56	99.67
Net gain on disposal of property, plant and equipment	1.22	-
Current tax expense	81.90	20.64
Deferred income tax	(2.45)	37.26
Unrealised foreign exchange gain	(3.65)	-
Net change in:		
Related parties	(301.25)	(288.46)
Other financial assets (current and non-current)	(5.00)	(16.10)
Other assets (current and non-current)	2.96	34.38
Trade and other payables	30.70	3.27
Other liabilities and other financial liabilities (current)	35.81	(37.38)
Employee benefit obligations	112.71	(7.43)
Cash generated from operations	272.71	(13.60)
Taxes paid	(79.86)	(140.93)
Net cash flows (used in) / generated by operating activities	192.85	(154.53)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of leasehold improvements, furniture and equipment and intangible assets	(130.21)	(93.40)
Net cash used in investing activities	(130.21)	(93.40)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of lease liabilities	(37.47)	-
Net cash used in financing activities	(37.47)	-
Net increase/(decrease) in cash and cash equivalents	25.17	(247.93)
Cash and cash equivalents, beginning of the year	5.95	253.88
Cash and cash equivalents, end of the year	31.12	5.95

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

Notes forming part of the Financial Statements

1. REPORTING ENTITY

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 administrative 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.

Authorization

On March 25, 2020 Mr. Claudio Yukio Yoshida (Finance Director) and Rajeev Gupta (Country Head) 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.

2. STATEMENT OF COMPLIANCE

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB).

3. 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 and employee benefit obligation – non- current, which is discounted to its present value.

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.

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.

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. The Company has identified Mexican Pesos as its functional currency.

As of December 31, 2019 and 2018, the peso/dollar exchange rates were \$18.89 and \$19.66, 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 millions of dollars of the United States of America or U.S.D, 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 and "COP" means millions of Colombian peso.

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.

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.

Statement of cash flows

The statement of cash flows of the Company are presented using the indirect method.

Notes forming part of the Financial Statements

4. USE OF ESTIMATES AND JUDGEMENTS

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 at the date of the financial statements, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are useful lives of leasehold improvements, furniture and equipment, valuation of deferred tax assets, provisions and contingent liabilities and leases has been discussed below. Key source of estimation of uncertainty in respect of revenue recognition, employee benefits and fair value measurement of financial instruments have been discussed in their respective policies.

(a) Useful lives of leasehold improvements, furniture and equipment

The Company reviews the carrying amount of leasehold improvement, furniture and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(b) 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.

(c) 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 number 13.

(d) 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. 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. Contingent liabilities are not recognized in the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

(e) Employee benefits

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

(f) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

Notes forming part of the Financial Statements

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5. NATURE AND PURPOSE OF RESERVES

Statement 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.

Partners' equity

Partner contributions are classified in partners' equity.

6. RECENT ACCOUNTING STANDARDS

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS Standards	References to Conceptual Framework ¹
Amendments to IFRS 3	Definition of Business ¹
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate Benchmark Reform ¹

¹ Effective for annual periods beginning on or after January 1, 2020.

IFRS Standards – References to Conceptual Framework

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments primarily either update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised Framework, with effect from January 1, 2020. The Company does not expect that the amendment to have any impact on its financial statements.

IFRS 3 – Definition of Business

In October 2018, the IASB issued amendments Definition of a Business (Amendments to IFRS 3) to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments confirmed that a business must include inputs, narrowed the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments primarily provide clearer application guidance. The Company does not expect that the amendment to have any impact on its evaluation of whether activities and assets acquired are a business or a group of assets.

IAS 1 and IAS 8 – Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

- Obscuring: The existing definition only focused on omitting or misstating information, however, IASB concluded that Obscuring material information with information that can be omitted can have a similar effect.

Notes forming part of the Financial Statements

- Could reasonably be expected to influence: The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- Primary users: The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Company does not expect that the amendment to have any impact on its evaluation of 'material' in relation to its financial statements.

IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

In September 2019, IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). The IASB felt that some hedge accounting requirements in IFRS 9 may be affected by uncertainties arising from the impact of the ongoing reform of some major interest rate benchmarks whereby efforts are being made to replace existing benchmarks with alternative, nearly risk free rates. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors. Therefore, IASB has amended specific hedge accounting requirements to provide exceptions during this period of uncertainty. The amendment primarily states that when determining whether a forecast transaction is highly probable, a Company shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform. The Company does not expect the amendment to have any significant impact because the Company hedges currency fluctuation risk and contractual cash flows of hedged items and hedging instruments do not vary significantly with changes in interest rate benchmarks.

7. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY 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.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Cash and cash equivalents

MGDC, S.C. 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 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 acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

Notes forming part of the Financial Statements

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 issued by the Company are recognized at the proceeds received net of direct issue cost.

Impairment of financial assets (other than at fair value)

The Company assesses at each date of statement 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. 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 allowance 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.

a. Cash

Cash consist of the following:

(In millions of Mexican pesos)

	As of December 31, 2019	As at December 31, 2018
Current account balances with banks	31.12	5.95
Total	31.12	5.95

As of December 31, 2019 and 2018 there is no restricted cash.

The Company discloses in Note 7 (f) the sensitivity analysis for financial assets and liabilities.

b. Related parties

(In millions of Mexican pesos)

	As of December 31, 2019	As at December 31, 2018
Trade receivables	627.75	326.50
Total	627.75	326.50

Trade receivables include balances with related parties (Refer note 17).

c. Other financial assets

Other financial assets consist of the following:

a) Other financial assets-current

(In millions of Mexican pesos)

	As of December 31, 2019	As at December 31, 2018
Employee loans and advances	12.33	7.31
Deposits for premises	3.34	-
Deposits paid	13.94	13.88
Total	29.61	21.19

Notes forming part of the Financial Statements

b) Other financial assets-non-current

(In millions of Mexican pesos)

	As of December 31, 2019	As at December 31, 2018
Deposits for premises	6.95	10.77
Others	0.39	-
Total	7.34	10.77

d. Financial instruments by category

The fair values of the following financial assets and financial liabilities as at December 31, 2019 and December 31, 2018 approximate the carrying amounts due to short term maturities of these instruments:

(In millions of Mexican pesos)

	As of December 31, 2019		As of December 31, 2018	
	Amortised cost	Total carrying value	Amortised cost	Total carrying value
Financial assets:				
Cash	31.12	31.12	5.95	5.95
Trade receivables	627.75	627.75	326.50	326.50
Other financial assets	36.96	36.96	31.96	31.96
Total	695.83	695.83	364.41	364.41
Financial liabilities:				
Trade and other payables	117.80	117.80	87.09	87.09
Lease liabilities	297.60	297.60	-	-
Other financial liabilities	6.17	6.17	4.48	4.48
Total	421.57	421.57	91.57	91.57

Carrying amounts of cash, trade receivables and trade payables as at December 31, 2019 and 2018 approximate the fair value. Difference between carrying amounts and fair values of other financial assets, other financial liabilities subsequently measured at amortized cost is not significant in each of the years presented.

e. Fair value hierarchy

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

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

Notes forming part of the Financial Statements

f. Financial risk management

MGDC, S.C. 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. MGDC, S.C. 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 statement of profit or 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 the functional currency of the entity.

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.

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 the Company.

The following analysis has been worked out based on the net exposures for the Company as at the date of statement of financial position which could affect the statement of profit or loss and other income and equity.

The following table sets forth information relating to foreign currency exposure as at December 31, 2019 and December 31, 2018:

(In millions of Mexican pesos)

	2019							
	USD	EUR	CAD	BRL	ARS	COP	UYU	LKR
Net financial assets	38.46	0.09	0.17	-	-	0.11	0.10	-
Net financial liabilities	8.56	-	0.4	-	-	-	-	0.00

(In millions of Mexican pesos)

	2018							
	USD	EUR	CAD	BRL	ARS	COP	UYU	LKR
Net financial assets	20.34	0.07	-	-	0.01	0.11	-	-
Net financial liabilities	11.12	-	0.41	0.14	-	-	-	-

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of MGDC, S. C. would result in decrease / increase in the Company's profit before tax by approximately MXN 2.99 for the year ended December 31, 2019 and MXN 0.89 for the year ended December 31, 2018 respectively.

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.

Notes forming part of the Financial Statements

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was MXN 695.83 and MXN 364.41 as of December 31, 2019 and December 31, 2018, respectively being the total of the carrying amount of cash and cash equivalents, trade receivables and other financial assets. Cash and cash equivalents are held with bank with high credit ratings. As at December 31, 2019, there were no indications that any defaults will occur on trade receivables, unbilled revenues or other financial assets.

MGDC, S.C.'s total revenue is inter-company and hence there is no credit risk.

(iii) Liquidity risk

Liquidity risk refers to the risk that MGDC, S.C. 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.

MGDC, S.C. consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due. MGDC, S.C. does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The table below provides details regarding the contractual maturities of significant financial liabilities:

(In millions of Mexican pesos)

	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
December 31, 2019					
Non-derivate financial liabilities					
Trade and other payables	117.80	-	-	-	117.80
Lease liabilities	68.77	64.17	132.02	128.20	393.16
Other financial liabilities	6.17	-	-	-	6.17
Total	192.74	64.17	132.02	128.20	517.13
December 31, 2018					
Non-derivate financial liabilities					
Trade and other payables	87.09	-	-	-	87.09
Lease liabilities	-	-	-	-	-
Other financial liabilities	4.48	-	-	-	4.48
Total	91.57	-	-	-	91.57

g. Partners' capital

a) Structure of partners' capital

As of December 31, 2019, 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, 2019 and 2018 OCI are comprised as follows:

(In millions of Mexican pesos)

	As of December 31, 2019	As at December 31, 2018
Beginning balance	9.90	0.72
Remeasurements of defined benefit obligations	(23.54)	9.18
Ending balance	(13.64)	9.90

Notes forming part of the Financial Statements

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, 2019, 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.

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

8. LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognizes the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Notes forming part of the Financial Statements

Transition to IFRS 16

In January 2016, International Accounting Standards Board issued the final version of IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. IFRS 16 has replaced IAS 17 Leases, and its related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted IFRS 16, effective annual reporting period beginning January 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application (January 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on January 1, 2019.

Refer note 2(j) – Significant accounting policies – Leases in the Annual report of the Company for the year ended December 31, 2018, for the policy as per IAS 17.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of IFRS 16 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying IFRS 16 to leases previously classified as operating leases under IAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying IAS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognized a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognized at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at January 1, 2019. Accordingly, a right-of-use asset of MXN 282 and lease liability of MXN 289.14 has been recognized. The cumulative effect on transition in retained earnings net of taxes is MXN 7.08 (including the deferred tax of MXN 3.03 million). The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per IAS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 8.76% has been applied to lease liabilities recognized in the statement of financial position at the date of initial application.

On application of IFRS 16, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at December 31, 2018 compared to the lease liability as accounted as at January 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of IFRS 16 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The details of the right- of – use asset held by the Company is as follows:

(In millions of Mexican pesos)

	Additions for the year ended December 31, 2019	Net carrying amount as at December 31, 2019
Building	49.64	279.66
Building - Security deposit	0.39	2.79
Total	50.03	282.45

Notes forming part of the Financial Statements

Depreciation on right – of – use asset is as follows:

(In millions of Mexican pesos)

Building
Building - Security deposit
Total

year ended December 31, 2019
48.95
0.64
49.59

Interest on lease liabilities is MXN 25 for the year ended on December 31, 2019.

The Company incurred MXN 16.39 for the year ended December 31, 2019 towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow on leases recognized in the statements of cash flows is MXN 78.87.

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

There are no property leases that contain extension options.

9. NON-FINANCIAL ASSETS AND LIABILITIES

a. Leasehold improvements, furniture and equipment

Improvements to leased buildings 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 statement of comprehensive income 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 pattern 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 annual depreciation rates 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 expenditures

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.

Notes forming part of the Financial Statements

Impairment of Non-financial assets

Tangible and intangible assets

Leasehold improvements, furniture 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 profit or loss.

Leasehold improvements, furniture and equipment comprise the following:

(In millions of Mexican pesos)

	Leasehold improvements	Computer equipments	Furniture and office equipment	Total
Gross block as at January 1, 2019	160.22	286.28	293.45	739.95
Purchases	59.24	44.77	63.58	167.59
Disposals	-	(60.00)	-	(60.00)
Gross block as at December 31, 2019	219.46	271.05	357.03	847.54
Accumulated depreciation as at January 1, 2019	98.66	217.53	227.97	544.16
Depreciation for the year	32.65	38.74	34.94	106.33
Disposals	-	(58.79)	-	(58.79)
Accumulated depreciation as at December 31, 2019	131.31	197.48	262.91	591.70
Net carrying amount as at December 31, 2019	88.15	73.57	94.12	255.84
Capital work-in-progress				50.40
Total				306.24
Gross block as at January 1, 2018	158.01	251.90	279.04	688.95
Purchases	2.21	34.38	14.41	51.00
Disposals	-	-	-	-
Gross block as at December 31, 2018	160.22	286.28	293.45	739.95
Accumulated depreciation as at January 1, 2018	80.55	182.24	182.28	445.07
Depreciation for the year	18.11	35.29	45.69	99.09
Disposals	-	-	-	-
Accumulated depreciation as at December 31, 2018	98.66	217.53	227.97	544.16
Net carrying amount as at December 31, 2018	61.56	68.75	65.48	195.79
Capital work-in-progress				87.78
Total				283.57

Notes forming part of the Financial Statements

Capital work in progress mainly include investments in a new development center in Mexico City, (Santa Fe). The Company requires additional investment to complete the projects in process for MXN 9.63, approximately. The projects will be capitalized on March 30, 2020.

b. 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 statement of comprehensive income 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.

(In millions of Mexican pesos)

Cost as at January 1, 2019

Addition during the year

Gross block as at December 31, 2019

Accumulated amortization as at January 1, 2019

Amortisation for the year

Accumulated amortization as at December 31, 2019

Net carrying amount as at December 31, 2019

Software licenses	Total
5.68	5.68
-	-
5.68	5.68
3.60	3.60
0.63	0.63
4.23	4.23
1.45	1.45

(In millions of Mexican pesos)

Cost as at January 1, 2018

Addition during the year

Gross block as at December 31, 2018

Accumulated amortization as at January 1, 2018

Amortisation for the year

Accumulated amortization as at December 31, 2018

Net carrying amount as at December 31, 2018

Software licenses	Total
3.10	3.10
2.58	2.58
5.68	5.68
3.01	3.01
0.59	0.59
3.60	3.60
2.08	2.08

Notes forming part of the Financial Statements

c. Other assets

Other assets are comprised as follows:

Other assets - current

(In millions of Mexican pesos)

	As of December 31, 2019	As at December 31, 2018
Advance to suppliers	13.42	23.72
Contract fulfillment costs	0.06	-
Prepaid expenses	4.13	0.84
Others	3.70	0.06
Total	21.31	24.62

Other assets-non current

(In millions of Mexican pesos)

	As of December 31, 2019	As at December 31, 2018
Prepaid expenses	0.41	3.50
Total	0.41	3.50

Prepaid rent of MXN 3.03 has been reclassified to right-to-use asset pursuant to transition to IFRS 16.

d. Trade and other payables

Trade and other payable consist of the following:

(In millions of Mexican pesos)

	As of December 31, 2019	As at December 31, 2018
Trade payable	39.09	40.42
Accrued expenses	69.65	31.37
Other	9.06	15.30
Total	117.80	87.09

e. Other liabilities

Other current liabilities consist of the following:

(In millions of Mexican pesos)

	As of December 31, 2019	As at December 31, 2018
Other liabilities-current		
Indirect tax payable and other statutory liabilities	128.43	94.31
Total	128.43	94.31

10. REVENUE RECOGNITION

The Company earns revenue by providing staffing solutions in the form of manpower services to its customer (being a related party), relating to various fields of operations of the customer.

The Company has a single performance obligation to provide manpower services to its customer. Revenue is recognized upon transfer of services to the customer in an amount that reflects the consideration which the Company expects to receive in exchange for those services based on the expected cost plus margin approach, in accordance with the terms of

Notes forming part of the Financial Statements

the underlying arrangement. Billings are made in accordance with the terms of the contract with the related party, which is generally on a monthly basis.

The Company has applied practical expedient to recognize revenue for services in proportion to the amount it has right to invoice the customer in accordance with the terms of the arrangement.

Revenue excludes taxes collected from customers.

All the revenue is derived from the customer in Ibero America.

11. 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 expense, depreciation and amortization and operation and other expense. Employee benefit expenses include employee compensation, allowances, contribution to various funds and staff welfare expenses. Operation and other expense mainly include fees to external consultants, facility expenses, travel expenses, cost of equipment and software licenses, communication expenses and other expenses.

(In millions of Mexican pesos)

	Year ended December 31, 2019	Year ended December 31, 2018
Fees to external consultants and others	127.71	114.54
Facility expenses	95.12	133.85
Travel expense	37.46	28.59
Communication expense	41.74	25.42
Other expenses	27.79	39.28
Total	329.82	341.68

Expense by function

(In millions of Mexican pesos)

	Year ended December 31, 2019	Year ended December 31, 2018
Cost of revenue	3,025.83	2,411.61
Selling, general and administrative expenses	740.16	659.48
Total	3,765.99	3,071.09

12. FINANCIAL INCOME, COST AND OTHER GAINS (NET)

a. Finance and other 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.

(In millions of Mexican pesos)

	Year ended December 31, 2019	Year ended December 31, 2018
Interest income on bank deposits	0.23	-
Rental revenue	0.87	-
Others	0.93	0.34
Total	2.03	0.34

Notes forming part of the Financial Statements

b. Finance costs

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.

(In millions of Mexican pesos)

	Year ended December 31, 2019	Year ended December 31, 2018
Interest on lease liabilities	25.00	-
Other interest costs	10.38	13.17
Total	35.38	13.17

c. Other gains, (net)

(In millions of Mexican pesos)

	Year ended December 31, 2019	Year ended December 31, 2018
Net (loss) on disposal of property, plant and equipment	(1.22)	-
Net foreign exchange gains	15.10	3.53
Others	0.25	3.23
Total	14.13	6.76

13. INCOME TAXES (IT) AND EMPLOYEE STATUTORY PROFIT SHARING (ESPS)

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

1. Current tax

Current income tax ("ISR") and employee statutory profit sharing (ESPS) are recognized in the results of the year in which is incurred.

2. Deferred tax

Deferred tax 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 tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (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 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 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 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 tax 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.

IT Law effective as of January 1, 2014 imposes an IT rate of 30 percent for 2014 and thereafter.

Notes forming part of the Financial Statements

The income tax expense is as follows:

(In millions of Mexican pesos)

	Year ended December 31, 2019	Year ended December 31, 2018
Current income tax	81.90	20.64
Deferred income tax	(2.45)	37.26
Total	79.45	57.90

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)

	Year ended December 31, 2019	Year ended December 31, 2018
Income before income taxes	242.65	198.45
Statutory rate:	30%	30%
Income tax	72.80	59.54
Tax pertaining to prior years and other	(29.52)	(35.43)
No deductibles	34.15	37.72
Inflation effects	2.02	(3.93)
Effective rate	79.45	57.90

Significant components of net deferred tax assets and liabilities for the year ended December 31, 2019 are as follows:

(In millions of Mexican pesos)

	Opening balance	Recognised in profit or loss	Recognised in / reclassified from other comprehen- sive income	Exchange difference	Closing balance
Deferred tax assets / (liabilities) in relation to					
Leasehold improvements, furniture and equipment and intangible assets	27.34	34.64	-	-	61.98
Receivables, financial assets at amortized cost	(89.56)	(84.61)	-	-	(174.17)
Transition impact of IFRS 16	-	3.40	3.06	-	6.46
Others	38.96	49.02	-	-	87.98
Total deferred tax asset / (liabilities)	(23.26)	2.45	3.06	-	(17.75)

Notes forming part of the Financial Statements

(In millions of Mexican pesos)

As at December 31, 2019		
	Assets	Liabilities
Deferred tax assets / (liabilities) in relation to		
Leasehold improvements, furniture and equipment and intangible assets	61.98	-
Receivables, financial assets at amortized cost	-	174.17
Transition impact of IFRS 16	6.46	-
Others	87.98	-
Total deferred tax asset / (liabilities)	156.42	174.17
		(17.75)

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

(In millions of Mexican pesos)

	Opening balance	Recognised in profit or loss	Recognised in / reclassified from other comprehensive income	Exchange difference	Closing balance
Deferred tax assets / (liabilities) in relation to					
Leasehold improvements, furniture and equipment and intangible assets	39.49	(12.15)	-	-	27.34
Receivables, financial assets at amortized cost	(64.02)	(25.54)	-	-	(89.56)
Others	38.53	0.43	-	-	38.96
Total deferred tax asset / (liabilities)	14.00	(37.26)	-	--	(23.26)

(In millions of Mexican pesos)

	Assets	Liabilities	Net
Deferred tax assets / (liabilities) in relation to			
Leasehold improvements, furniture and equipment and intangible assets	27.34	-	27.34
Receivables, financial assets at amortized cost	-	89.56	(89.56)
Others	38.96	-	38.96
Total deferred tax asset / (liabilities)	66.30	89.56	(23.26)

Direct tax contingencies

- a) Tax Administration Services ("SAT") audit for fiscal year 2011 determined tax liability of \$ 112.99 MXN, and employees' profit sharing due of \$11.84 MXN. This tax liability for confirmed by Administrative Court in Guadalajara on October 19, 2018 on appeal made by the Company.

On November 23rd 2018, The Company filed a new amparo claim with Chamber of the Administrative Court in Guadalajara with legal evidence contesting the determination by the SAT. As per Company's assessment, the Company has a strong case and requires no provision in the books of accounts as of December 31, 2019.

Notes forming part of the Financial Statements

- b) 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.
- c) 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.

14. 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. 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.

Employee benefit expense consists of the following:

(In millions of Mexican pesos)

	Year ended December 31, 2019	Year ended December 31, 2018
Salaries, incentives and allowances	2,655.59	2,175.09
Social security contributions and payroll rated taxes	565.24	408.53
Staff welfare expenses	58.78	46.12
	3,279.61	2,629.74

Notes forming part of the Financial Statements

Employee benefit obligations consists of the following:

(In millions of Mexican pesos)

	As of December 31, 2019	As of December 31, 2018
Employee benefit obligations		
Defined benefit obligation	102.37	54.90
Employee statutory profit sharing	22.23	23.83
Liabilities for social securities contributions	47.13	25.46
Liability for long service leave	72.47	7.37
Bonus accrual	12.39	6.73
Total employee benefit obligations	256.59	118.29
Current	154.22	63.39
Non-current	102.37	54.90
	256.59	118.29

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, 2019 and 2018 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:

	As of December 31, 2019	As of December 31, 2018
Discount rates	7.50%	9.00%
Inflation long term rates	4.64%	3.65%
Salaries increase rates	5.20%	4.64%

Notes forming part of the Financial Statements

b. Amounts recognized in comprehensive income in respect of these defined benefit plans are as follows:

(In millions of Mexican pesos)

	As of December 31, 2019	As of December 31, 2018
Service cost	16.29	16.82
Change in payment policy charge	2.39	-
Financial cost	4.75	3.36
Net cost for the year	23.43	20.18

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:

(In millions of Mexican pesos)

	As of December 31, 2019	As of December 31, 2018
Net liability arising from defined benefit obligation	102.39	54.90

Movements in the present value of the defined benefit obligation were as follows:

(In millions of Mexican pesos)

	As of December 31, 2019	As of December 31, 2018
Opening defined benefit obligation	54.90	44.92
Current service cost	16.29	16.82
Change in payment policy charge	2.39	-
Financial cost	4.75	3.36
Benefits paid during the year	(1.56)	(1.02)
Actuarial obligation (income) / loss	25.60	(9.18)
Net liability arising from defined benefit obligation	102.37	54.90

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 \$8.50 (increase by \$7.97).

If the expected salary growth increases (decreases) by 0.50, the defined benefit obligation would increase by \$0.008 (decrease by \$0.008).

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.

15. BUSINESS AND CREDIT CONCENTRATION

As of December 31, 2019, the 100% of revenue provided for the consultancy services were provided to related parties.

16. CONTINGENCIES AND COMMITMENTS

Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount thereof

Notes forming part of the Financial Statements

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.

- a) 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. Total revenues under these agreements, reported under consultancy services, were MXN 4,281.90 in 2019 and MXN 3,166.29 in 2018.
- b) As at December 31, 2019, claims aggregating to MXN 24.53 against the Company have not been acknowledged as debts.
- c) 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).
- d) The Company has contractually committed (net of advances) MXN 22.87 as at December 31, 2019 and MXN 0.18 as at December 31, 2018 for purchase of leasehold improvements, furniture and equipment.

17. RELATED PARTY DISCLOSURE

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-

(In millions of Mexican pesos)

Year ended December 31, 2019

Consultancy services	0.12	4,027.74	4,027.86
Other income	-	0.87	0.87
Purchases of services and cost recovery	6.36	2.43	8.79

Year ended December 31, 2018

Consultancy services	0.12	3,275.49	3,275.61
Purchases of services and cost recovery	9.63	7.68	17.31

Balances receivable from related parties -

(In millions of Mexican pesos)

As of December 31, 2019

Trade and other receivables

Total

As of December 31, 2018

Trade and other receivables

Total

	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
Consultancy services	0.12	4,027.74	4,027.86
Other income	-	0.87	0.87
Purchases of services and cost recovery	6.36	2.43	8.79
Consultancy services	0.12	3,275.49	3,275.61
Purchases of services and cost recovery	9.63	7.68	17.31

	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
Trade and other receivables	19.93	607.83	627.75
Total	19.93	607.83	627.75
Trade and other receivables	28.41	298.09	326.50
Total	28.41	298.09	326.50

Notes forming part of the Financial Statements

The balances receivable come from consultancy and administrative services rendered to the related parties and will be liquidated within the commercial terms agreed by the Company.

Balances payable to related parties-

(In millions of Mexican pesos)

	With Tata Consultancy Services Limited	With subsidiaries of Tata Consultancy Services Limited	Total
As of December 31, 2019			
Trade and other payables	-	11.25	11.25
Total	-	11.25	11.25
As of December 31, 2018			
Trade and other payables	-	8.54	8.54
Total	-	8.54	8.54

The balances payable come from consultancy and administrative services received from the related parties and will be liquidated within the commercial terms agreed by the Company.

18. SUBSEQUENT EVENTS

- a) As of January 1, 2020, Tata Consultancy Services de Mexico SA de CV, MGDC SC and Tata Consultancy Services Limited will enter into a labor substitution with the intention of consolidating his market position and prepare for future growth. As a result of this labor substitution, Tata Consultancy Services de Mexico SA de CV will retain the operational associates from MGDC SC, (6,423 associates), and MGDC will keep the employees associated to Corporate Functions from both MGDC SC and Tata Consultancy Services Limited, around 107 associates. As a result of this, in the year 2020, the Company's employee cost will reduce by MXN 15.96 and MXN 86.47 as seniority premium and retirement indemnity respectively.

Also, effective January 1, 2020, MGDC SC will sell the computer equipment approximating to MXN 47.04 that is used by the operational associates to Tata Consultancy Services de Mexico SA de CV and will retain the computer equipment used by employees associated to Corporate Functions.

- b) On January 31, 2020, the World Health Organization (WHO) announced COVID-19 (Coronavirus) as a global health emergency. The spread of this COVID-19 pandemic (Coronavirus) has generated volatility and uncertainty in the financial markets and in the economic environment worldwide. In view of this scenario, the Company's management has adapted its operations based on the prevailing situation and is monitoring the developments meeting daily to discuss the issues. Consequently, activities have not been directly affected and remain in normal operation. In this sense, the Company is following the guidelines of WHO to preserve the integrity of its employees and for operational continuity. As of the date of the issuance of the Financial Statements, the impact of the COVID-19 contingency, if any, is difficult to assess in the financial position.

TCS INVERSIONES CHILE LTDA.
SEPARATE FINANCIAL STATEMENTS

For the year ended
December 31, 2019

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

THE PARTNERS AND DIRECTORS OF TCS INVERSIONES CHILE LTDA.:

We have audited the accompanying separate financial statements of TCS Inversiones Chile Ltda., which comprise the separate statements of financial position as of December 31, 2019 and 2018, and the related separate statements of comprehensive income, changes in equity, and cash flows for the years 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; 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 audits in accordance with Auditing Standards Generally Accepted in Chile. 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 auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 audit 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, 2019 and 2018 and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

These separate financial statements have to be read and analyzed in conjunction with the consolidated financial statements of Tata Consultancy Services Limited. Our opinion is not modified with respect to this matter.

Other matter

The above translation of the auditor's report is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

KPMG SpA

José M. Galindo P.

Santiago, April 9, 2020

Separate Statements of Financial Position

(ThCh\$)

	Note	As at December 31, 2019	As at December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents	4.A	355,775	247,441
Trade and other receivables, current	4.C	1,277,463	1,295,477
Other financial assets	4.D	8,199	4,754
Current tax assets		-	122,271
Total Current Assets		1,641,437	1,669,943
Non-current assets:			
Investments	4.B	32,126,572	32,126,572
Furniture and equipment, net	6.A	6,267	6,833
Deferred tax assets, net	7.C	146,258	137,807
Total non-current assets		32,279,097	32,271,212
TOTAL ASSETS		33,920,534	33,941,155
LIABILITIES AND NET EQUITY			
Current liabilities:			
Trade payables	4.E	128,873	97,847
Employee benefit obligations	8.A	540,052	509,600
Income tax liability, net		52,513	-
Other current non-financial liabilities	6.B	401,470	481,033
Total current liabilities		1,122,908	1,088,480
Non-current liabilities:			
Payables due to related entities, non-current	4.F	525,526	832,755
Total non-current liabilities		525,526	832,755
Equity:			
Paid-in capital	4.G	15,290,305	15,290,305
Retained earnings		16,981,795	16,729,615
Total equity		32,272,100	32,019,920
TOTAL LIABILITIES AND EQUITY		33,920,534	33,941,155

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE SEPARATE FINANCIAL STATEMENTS.

Separate Statements of Comprehensive Income, per Nature of the Expense

(ThCh\$)

	Note	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenue	9	3,169,206	2,876,673
TOTAL REVENUE		3,169,206	2,876,673
Expenses:			
Employee benefits		(2,574,685)	(2,371,930)
Other operating expenses	10	(358,442)	(303,410)
Depreciation and amortization expenses	6 A	(1,654)	(649)
TOTAL OPERATING EXPENSES	11	(2,934,781)	(2,675,989)
Total operating income		234,425	200,684
Other income / (expenses)			
Finance costs		(44,057)	(68,756)
Dividends received from subsidiaries	12	8,483,855	9,766,005
Foreign currency exchange differences	13	224,100	96,603
TOTAL OTHER INCOME, NET		8,663,898	9,793,852
PROFIT BEFORE TAX		8,898,323	9,994,536
Income tax expense	7 A	(162,268)	(148,190)
PROFIT FROM CONTINUING OPERATIONS AFTER TAX		8,736,055	9,846,346
Other comprehensive income:			
Net gain		8,736,055	9,846,346
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		8,736,055	9,846,346

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE SEPARATE FINANCIAL STATEMENTS.

Separate Statements of Changes in Equity

(ThCh\$)

Note	Paid-in capital	Retained earnings	Total equity
Opening balance as of January 1, 2019	15,290,305	16,729,615	32,019,920
Comprehensive income:			
Profit for the year	-	8,736,055	8,736,055
Other comprehensive income	-	-	-
Total comprehensive income	-	8,736,055	8,736,055
Dividends	-	(8,483,875)	(8,483,875)
Total profit distribution	-	(8,483,875)	(8,483,875)
Total changes in equity	-	252,180	252,180
Closing balance as of December 31, 2019	15,290,305	16,981,795	32,272,100
Opening balance as of January 1, 2018	15,290,304	17,250,714	32,541,018
Comprehensive income:			
Profit for the year	-	9,846,346	9,846,346
Other comprehensive income	-	-	-
Total comprehensive income	-	9,846,346	9,84,346
Dividends	-	(10,367,445)	(10,367,445)
Capital increase	1	-	1
Total profit distribution	1	(521,099)	(521,098)
Total changes in equity	1	(521,099)	(521,098)
Closing balance as of December 31, 2018	15,290,305	16,729,615	32,019,920

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE SEPARATE FINANCIAL STATEMENTS.

Separate Statements of Cash Flows

(ThCh\$)

CASH FLOW FROM (USED IN) OPERATING ACTIVITIES:

Profit for the year

Adjustments to reconcile net gain:

Effect of foreign currency translation differences

Depreciation and amortization

Income tax

Total cash flows before changes in working capital

Increase/(decrease) in working capital:

Trade and other receivables

Other financial assets

Trade payables

Other current non-financial liabilities

Employee benefits

Other current liabilities

Payables due to related parties, non-current

Total net increase in working capital

Income taxes paid

Payment of interests

Net cash from (used in) operating activities

CASH FLOW FROM (USED IN) INVESTING ACTIVITIES:

Acquisition of furniture and equipment

Net cash used in investing activities

CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:

Loans received from and paid to related parties

Dividends paid

Increase in capital

Net cash used in financing activities

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents in the statement of cash flows,
opening balance

Cash and cash equivalents in the statement of cash flows, closing balance

	For Year ended December 31, 2019	For Year ended December 31, 2018
	8,736,055	9,846,346
	-	95,199
6	1,654	649
7 A	162,268	148,190
	163,922	244,038
	18,014	785,547
	(3,445)	(4,683)
	(1,938)	(445,239)
	(79,563)	-
	30,452	51,340
	-	481,033
	48,381	-
	11,901	867,998
	4,065	(334,889)
	32,964	64,513
	8,948,907	10,688,006
	(1,088)	(7,482)
	(1,088)	(7,482)
	(355,610)	(400,000)
5 B	(8,483,875)	(10,367,445)
12	-	1
	(8,839,485)	(10,767,444)
	108,334	(86,920)
	247,441	334,361
	355,775	247,441

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE SEPARATE FINANCIAL STATEMENTS.

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1 GENERAL INFORMATION

TCS Inversiones Chile Limitada was incorporated by TCS IberoAmérica S.A. and Gabriel Rozman on December 16, 2002, and is engaged in investments, on its own or on behalf of third parties, in any type of movable and immovable property, tangible or intangible assets, purchase and sale, export, import, manufacturing, production, consignment, lease, trading, representation and distribution of any type of physical and intangible assets; rendering of all types of advisory and consultancy services, and services associated with computer, IT and general communication; and the representation, concession and operation of the franchise of any type of companies, brands and/or products associated with the above-mentioned operations.

On October 26, 2005, the articles of incorporation were amended via public deed, increasing the Company's capital through an amount contributed by the partner TCS IberoAmérica 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 - Comicro S.A.). Consequently, such subsidiary was dissolved by operation of law.

At Extraordinary Shareholders' Meeting held on July 30, 2010, the shareholders agreed on the merger through incorporation of Tata Consultancy Services BPO Chile S.A. to 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.

On April 26, 2017, Mr. Gabriel Rozman sells, assigns and transfers to TCS Uruguay S.A. the entirety of his ownership interest in the Company, which represents 0.000004% of the Company's capital.

In Chile, it established its operations in 2003, and currently has 9 employees who perform support and advisory functions in the areas of finance, legal, marketing, and sales for the subsidiaries in the Latin American region.

2 BASIS OF PRESENTATION OF THE SEPARATE FINANCIAL STATEMENTS

(A) Use of estimates and judgments

The preparation of these financial statements in conformity with the recognition and measurement principles under IFRS, requires that Management performs estimates and judgments which have an impact on the reported balances of assets and liabilities, the disclosures of contingent liabilities at the reporting date, and the balance of income and expenses for the reporting periods.

The underlying estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimate is revised and any future periods affected.

The key source of estimation uncertainty at the reporting date, which may result in a material adjustment to the carrying amounts of assets and liabilities within the subsequent financial year, relates to the impairment of goodwill, useful lives of items of furniture and equipment, valuation of deferred tax assets, provisions and contingent liabilities, as detailed below. The main key sources of estimation uncertainty related to revenue recognition, employee benefits, and fair value measurement of financial instruments, have been assessed based on the applicable policies.

(i) Useful lives of items of furniture and equipment.

The Company reviews the carrying amount of items of furniture and equipment at the end of each reporting period. This reassessment may result in changes to the depreciation expense for future periods.

(ii) Measurement of deferred tax assets.

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

(iii) Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable

Notes to the Separate Financial Statements

estimate can be made of the amount of the obligation. Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Contingent liabilities are not recognized in the financial statements. Contingent assets are not recognized or disclosed in the financial statements.

(iv) Fair value measurement of financial instruments.

When the Company is not able to measure the fair value of financial assets and financial liabilities in the statement of financial position based on quoted prices in active markets, the fair value is measured using valuation techniques which include the discounted cash flow model. Inputs to these models are obtained from observable markets where possible, otherwise a degree of judgment is required to establish fair values. The judgments include considering inputs such as liquidity risk, credit risk and volatility. Changes in the assumptions with respect to these factors could affect the reported fair value of financial instruments. The policy has been explained in further detail in Note 3 (p).

(B) Statement of compliance

These separate financial statements of TTCS Inversiones Chile LTDA. (hereinafter the "Company"), for the year ended December 31, 2019, are presented in Chilean pesos and have been prepared in accordance with IAS 27, "Separate Financial Statements" included in International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (hereinafter the "IASB"), applying the exception described in paragraph 4 of IFRS 10, Consolidated Financial Statements. Likewise, these financial statements are exempt from disclosure provisions contained in IFRS 12.

The information contained in these 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; the separate financial statements have been approved by the Board of Directors on March 25, 2020.

The translation of these financial statements is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

(C) Comparative information

The separate statements of financial position at 31 December 2019 and the separate statements of comprehensive income, changes in equity and cash flows for the year then ended have been prepared in accordance with International Financial Reporting Standards, on a basis consistent with the criteria used at 31 December 2018.

(D) 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 of whether that price is directly observable or estimated using another valuation technique. For purposes of measurement and/or disclosure in these separate financial statements, fair value is determined as described above, except for the determination of value in use under IAS 36, which has been measured at market value.

(E) Period covered

These separate financial statements of TCS Inversiones Chile LTDA. were prepared as of December 31, 2019 and 2018 and for the years then ended.

(F) Currency

The functional currency of TCS Inversiones Chile Ltda. is the Chilean peso.

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 based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Notes to the Separate Financial Statements

(G) Basis of translation

Balances of assets and liabilities in UF (inflation-adjusted units), U.S. dollars and other foreign currencies 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\$)	
	As at December 31, 2019	As at December 31, 2018
U.S. dollar	748.74	694.77
Inflation-adjusted unit (UF)	28,309.94	27,565.79

Foreign currency translation differences and adjustments are debited or credited to profit or loss, as applicable, in accordance with IFRS.

(H) Classification of balances (current and non-current)

In the accompanying statement of financial position, balances are 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.

(J) Statement of cash flows, continued

The statement of cash flows considers the following account categories:

(a) Operating activities

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.

(b) Investing activities

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

(c) Financing activities

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The entity has consistently applied the following accounting policies to all periods presented in these separate financial statements.

The accounting policies set out below have been used in the preparation of these separate financial statements. As required by IFRS 1, these policies have been defined considering the IFRS effective as of December 31, 2019.

(A) Provisions and contingent liabilities

A provision is a liability of uncertain timing or amount. 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.

Notes to the Separate Financial Statements

A contingent asset or liability is an obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

(B) 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 offsetting is required or permitted by any standard and such presentation is the reflection of the substance of the transaction.

Revenues and expenses generated by transactions which contractually or mandatorily because of the enactment of a law include the possibility of offsetting, are those for which the Company intends either to settle the obligations on a net basis, or to realize the asset and settle the liability simultaneously.

(C) Classification of balances (current and non-current)

In the accompanying statement of financial position, balances are 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.

(D) New accounting pronouncements

The Group has not adopted the following new or amended IFRSs issued but not yet effective:

Amendments to IFRS	References to the Conceptual Framework ¹
Amendments to IFRS 3	Definition of a Business ¹
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform ¹

¹ Effective for the annual periods beginning on January 1, 2020.

IFRS Standards - References to the Conceptual Framework

In March 2018 the International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. This document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32. These amendments mainly update pronouncements for them to refer to the revised Conceptual Framework instead of the previous version of such Conceptual Framework, or indicate that definitions in standards have not been updated to the new definitions determined in the revised Conceptual Framework. Entities that rely on the Conceptual Framework should consider whether their accounting policies continue being appropriate as per the revised framework, which becomes effective from January 1, 2020. The Group believes that these amendments will have no impact on its financial statements.

IFRS 3 - Definition of a Business

In October 2018, the IASB issued Definition of a Business (Amendments to IFRS 3) to help companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments confirmed that a business must include inputs, narrowed the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially concentrated in a single asset or group of similar assets. Amendments mainly provide a clearer application guidance. The Group believes that this amendment will have no impact on its assessment as to whether activities and assets acquired are a business or a group of assets.

IAS 1 and IAS 8 - Definition of Material

In October 2018, the IASB issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to include the following three aspects in the new definition of "material":

Notes to the Separate Financial Statements

- **Obscuring:** The existing definition only focused on omitting or misstating information, however, the IASB concluded that obscuring material information with information that can be omitted can have a similar effect.
- **Could reasonably be expected to influence:** The existing definition referred to 'could influence' which the IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- **Primary users:** The existing definition referred only to 'users' which again the IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Group does not expect this amendment to have any impact on its assessment of "material" in regard to its financial statements.

IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform

In September 2019, the IASB issued Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7.) The IASB considered that certain hedge accounting requirements in IFRS 9 may be affected by uncertainties arising from the impact on the current reform of certain relevant interest rate benchmarks, for which it is making significant efforts to replace the existing benchmarks with alternative rates subject to almost no risk. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors. Accordingly, the IASB has amended the specific hedge accounting requirements to provide exceptions during this period of uncertainty. This amendment mainly establishes that when an entity determines that a forecast transaction is highly probable to occur, a company will assume that the interest rate benchmark on which hedged cash flows are based, is not altered as a result of the reform. The Group believes that this amendment will have no significant impact because the Group hedges currency risk and contractual cash flows of hedged items, and hedging instruments do not record significant variations due to changes in interest rate benchmarks.

Other significant accounting policies used in preparing these financial statements have been discussed in the related notes.

4 FINANCIAL ASSETS AND FINANCIAL LIABILITIES, AND EQUITY INSTRUMENTS

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or reduce the fair value of financial assets or financial liabilities in the initial recognition.

(A) Financial assets

(i) Cash and cash equivalents

The Company classifies as cash and cash equivalents all highly-liquid financial instruments, which are readily convertible into known amounts of cash subject to an insignificant risk of changes in value, with maturities of three months or less from the date of acquisition. Cash and cash equivalents comprise cash in banks not restricted for withdrawal and use.

(iii) Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if those financial assets are held within a business model whose objective is to hold 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 other comprehensive income.

Financial assets are measured at fair value through other comprehensive income if they 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. The Company has adopted the irrevocable option of presenting the subsequent changes in the fair values of capital investment not held for trading in other comprehensive income.

Notes to the Separate Financial Statements

(iv) Financial assets at fair value through profit and loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortized cost or at fair value through other comprehensive income at initial recognition. Transaction costs directly attributable to the acquisition of financial assets or assumption of financial liabilities at fair value through profit or loss are immediately recognized in profit or loss.

(B) Financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest method.

(C) Equity securities

Equity securities are contracts which establish a residual interest on the Company's assets after deducting all its liabilities. Equity securities issued by the Company are recognized at the amount of the income received net of direct cost of issue.

(D) Impairment of financial assets (not measured at fair value)

At each reporting date, the Company assesses whether a financial asset or group of financial assets is impaired. IFRS 9 requires that expected credit losses are measured through a loss allowance. The Company recognizes lifetime expected credit losses for all its contract assets and/or trade receivables that do not contain a significant financing component. To determine the allowance for doubtful accounts, the Company has used a practical expedient for the calculation of the allowance for expected credit losses of trade receivables using an allowance matrix. The allowance matrix considers the historical credit loss experience and is adjusted for prospective information. The allowance for expected credit losses is based on the maturity of accounts receivable past due and the rates used in the allowance matrix. For the remaining financial assets, expected credit losses are measured at an amount equal to 12-month expected credit losses or an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

(a) Cash and cash equivalents

As of December 31, 2019 and 2018, this caption is composed of the following:

	As at December 31, 2019	As at December 31, 2018
Cash in banks	355,775	247,441
Total	355,775	247,441

As of December 31, 2019 and 2018, cash in banks is as follows:

Bank	Type of currency	As at December 31, 2019	As at December 31, 2018
Banco Santander	Chilean pesos	37,376	39,365
Banco Santander	U.S. dollar	318,399	208,076
Total		355,775	247,441

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.

(b) Investments

Investments 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 provided that certain conditions are met. The Company meets

Notes to the Separate Financial Statements

each and every of such conditions as of December 31, 2019 and 2018. 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, Tata Consultancy Services Limited (India), which have been prepared and presented in accordance with IFRS as issued by the IASB, and can be found at the web site: <https://www.tcs.com/investor-relations>.

Investments in subsidiaries are recognized at cost and relate to:

(ThCh\$)

Taxpayer ID No.	Company	Country	Ownership interest		Carrying amount of the investment	
			As at December 31, 2019 in %	As at December 31, 2018 in %	As at December 31, 2019	As at December 31, 2018
Foreign	TataSolution Center S.A.	Ecuador	1.0000	1.0000	55,916	55,916
76.385.060-9	Tata Consultancy Services Chile	Chile	99.9998	99.9998	32,070,655	32,070,655
Foreign	Technology Outsourcing S.A.C. (**)	Peru	0.0000001	0.0000001	1	1
Total					32,126,572	32,126,572

The Company determines whether it is necessary to recognize an impairment loss in the subsidiaries. The Company determines at each reporting date whether there is objective evidence that the investment in the subsidiary is 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 profit or loss.

Changes in investments in subsidiaries held at cost by the Company are as follows:

(ThCh\$)

Taxpayer ID No.	Company	Country	Carrying amount of the investment	Additions	Disposals	Carrying amount of the investment as of December 31, 2019
2019						
76.385.060-9	Tata Consultancy Services Chile	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
Total			32,126,572	-	-	32,126,572
2018						
76.385.060-9	Tata Consultancy Services Chile	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
Total			32,126,572	-	-	32,126,572

Management has performed impairment testing and estimates that there is no risk of loss in the value of the assets recorded at December 31, 2019 and 2018.

Notes to the Separate Financial Statements

As of December 31, 2019 and 2018, goodwill amounting to ThCh\$17,720,950 which is recorded in Tata Consultancy Services Chile S.A.'s ledgers and recognized through the investment in this company, has been allocated to the cash-generating unit Tata Consultancy Services Chile S.A. 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 8.63%. 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.

As of December 31, 2019 and 2018, the financial information contained in the financial statements of the companies over which the Company has control is detailed as follows:

(ThCh\$)

Taxpayer ID No.	Company	Ownership interest			As of 12.31.2019			
		Country	Direct	Indirect	Assets	Liabilities	Equity	Profit or loss
76385060-9	Tata Consultancy Services Chile S.A.	Chile	99.9998	0.0002	51,378,142	10,275,746	41,102,396	1,259,424
Foreign	TataSolution Center S.A.	Ecuador	1	99	17,379,004	11,772,439	5,606,565	(1,820,187)
Foreign	Tata Consultancy Services Sucursal del Peru	Perú	-	100	7,692,858	6,260,005	1,432,854	2,246
Foreign	Technology Outsourcing S.A.C	Perú	0.0001	99.9999	2,039,812	974,098	1,065,714	(30,090)
		Ownership interest			As of 12.31.2018			
76385060-9	Tata Consultancy Services Chile S.A.	Chile	99.9998	0.0002	53,866,706	5,470,722	48,395,984	4,235,556
Foreign	TataSolution Center S.A.	Ecuador	1.0000	99.0000	19,071,437	12,145,274	6,926,162	4,185,294
Foreign	Tata Consultancy Services Sucursal del Peru	Peru	-	100.0000	5,822,025	5,876,269	[54,244]	[419,100]
Foreign	Technology Outsourcing S.A.C	Peru	0.0001	99.9999	1,993,406	988,969	1,004,438	585,750

Balances of assets and liabilities in U.S. dollars and Peruvian nuevo sol are translated into Chilean pesos at the exchange rates in force at the closing date. U.S. dollar 2019 (748.74) and 2018 (694.77), Peruvian Nuevo sol 2019 (224.55) and 2018 (206.25).

(c) Trade and other receivables, current

(a) Trade receivables are detailed as follows:

(ThCh\$)

	As at December 31, 2019	As at December 31, 2018
Receivables due from related parties	1,277,463	1,295,477
Total	1,277,463	1,295,477

The fair value of trade receivables corresponds 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\$)

	As at December 31, 2019	As at December 31, 2018
Up to 30 days	1,277,463	1,295,477
Total	1,277,463	1,295,477

Notes to the Separate Financial Statements

(d) Other financial assets

As of December 31, 2019 and 2018, other current financial assets are as follows:

(ThCh\$)

	As at December 31, 2019	As at December 31, 2018
Advances to employees	8,199	4,754
	8,199	4,754

(e) Trade payables

Trade and other payables are recognized at their nominal amount, since their average payment term is short and there is no significant difference when compared to their fair value.

As of December 31, 2019 and 2018, trade and other payables are detailed as follows:

(ThCh\$)

	As at December 31, 2019	As at December 31, 2018
Trade payables	48,422	37,970
Accounts payable due to related parties	25,037	8,909
Withholdings	55,414	50,968
Total	128,873	97,847

(f) Other non-current financial liabilities

As of December 31, 2019 and 2018, non-current other financial liabilities are detailed as follows:

(ThCh\$)

Taxpayer ID No.	Company	Relationship	As at December 31, 2019	As at December 31, 2018
76.385.060-9	Tata Consultancy Services Chile S.A.	Subsidiary	525,526	832,755
Total			525,526	832,755

(g) Equity disclosures

(a) Subscribed, fully-paid capital and number of shares

As of December 31, 2019, the Company's share capital is composed of the following:

(ThCh\$)

Series	Subscribed capital	Paid-in capital
Single	15,290,305	15,290,305

Capital management is intended to maximize the value for the shareholders, safeguard business continuity, and support the Company's growth. The Company determines capital requirements based on annual operating plans, long-term investment plans and other strategic investment plans. Financing requirements are met through capital and cash flows from operating activities generated. The Company is not subject to any capital requirement imposed externally.

Notes to the Separate Financial Statements

(h) Financial assets and financial liabilities

As of December 31, 2019, the carrying amount of financial instruments by category is as follows:

(ThCh\$)

Financial assets

Cash and cash equivalents

Trade and other receivables, current

Other financial assets

Total

Financial liabilities

Trade payables

Payables due to related entities, non-current

Total

Amortized cost	Total carrying amount
355,775	355,775
1,277,463	1,277,463
8,199	8,199
1,641,437	1,641,437
128,873	128,873
525,526	525,526
654,399	654,399

As of December 31, 2018, the carrying amount of financial instruments by category is detailed as follows:

(ThCh\$)

Financial assets

Cash and cash equivalents

Trade and other receivables, current

Other financial assets

Total

Financial liabilities

Trade payables

Payables due to related entities, non-current

Total

Amortized cost	Total carrying amount
247,441	247,441
1,295,477	1,295,477
4,754	4,754
1,547,672	1,547,672
97,847	97,847
832,755	832,755
930,602	930,602

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables (prior year: unbilled revenue), and trade payables as of December 31, 2019 and 2018, approximate their fair value. The difference between carrying amounts and fair values of bank deposits, cash in banks, other financial assets, other financial liabilities and subsequent loans measured at amortized cost is not significant for each period presented.

Fair value hierarchy

Fair value hierarchy is based on valuation techniques used to measure the fair value of observable and unobservable inputs, and includes the following three levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs 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 for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Separate Financial Statements

Fair values are determined totally or in part using a valuation model based on assumptions that are not supported by market transaction prices currently observable in the same instrument or based on available market data.

(i) Financial risk management

The Company is mainly exposed to variations in foreign exchange rates, credit, liquidity and interest rate risks that may negatively affect the fair value of its financial instruments. The Company has a risk management policy that covers the risks associated with financial assets and financial liabilities. The risk management policy is approved by the Board of Directors. The approach applied by the risk management committee is to assess the unforeseeability of the financial environment and mitigate the potential negative effects on the Company's financial performance.

(i) Market risk

The Company is exposed to market risk related to the risk of fluctuations in the fair value or future cash flows from a financial instrument because of changes in market prices. Such changes in the value of financial instruments may arise from movements in foreign currency exchange rates, interest rate, credit, liquidity and other changes in the market. The exposure to market risk relates mainly to the currency risk.

(ii) Currency risk

The fluctuation of foreign currency exchange rate differences may have a potential effect in the statement of profit or loss and other comprehensive income, where any transaction refers to one or more currencies when assets / liabilities are denominated in a currency that is different from the entity's functional currency.

Considering the economic environment of the country in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in such country. The risks mainly relate to the fluctuations in U.S. dollar against the Company's functional currency.

The exchange rate sensitivity is calculated by adding the net exposure to currency risk and a simultaneous change of parallel exchange rates of all currencies by 10% compared to the Company's functional currency.

The analysis below has been prepared based on the Company's net exposure at the reporting date that may affect the statements of profit or loss and other comprehensive income and equity.

As of December 31, 2019, the information related to the exposure to the currency risk is detailed as follows:

	(ThCh\$)		
As at December 31, 2019	US\$	FC	UF
Net financial assets	1,176,741	-	-
Net financial liabilities	841,352	24	9,060

The appreciation / depreciation of 10% of related foreign currencies with respect to the functional currency of the Company would result in a decrease / increase in profit before taxes of approximately ThCh\$32,631 for the year ended December 31, 2019.

As of December 31, 2018, the information related to the exposure to currency risk is as follows:

	(ThCh\$)
As at December 31, 2018	US\$
Net financial assets	1,027,084
Net financial liabilities	849,128

The appreciation / depreciation of 10% of related foreign currencies with respect to the functional currency of the Company would result in a decrease / increase in profit before taxes of approximately ThCh\$17,796 for the year ended December 31, 2018.

Notes to the Separate Financial Statements

(iii) Interest rate risk

The Company is not exposed to interest rate risk.

(iv) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual terms or obligations. Credit risk includes the direct risk of default and impairment of credit quality, as well as the concentration of risks. Credit risk is controlled by the analysis of credit limits and the credit capability of customers on an ongoing basis that have been obtained the credit after receiving the authorizations required.

Financial instruments subject to concentrations of credit risk include mainly trade receivables, unbilled revenue, investments, cash and cash equivalents, bank deposits and other financial assets. As of December 31, 2019, cash and cash equivalents include ThCh\$355,755 held in a bank located in Chile with a high quality credit rating exceeding individually 10% or more of the Company's total cash and cash equivalents as of December 31, 2018. None of the Company's other financial instruments result in a significant concentration of credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. As of December 31, 2019 and 2018, the maximum credit exposure amounted to ThCh\$1,641,437 and ThCh\$1,547,672, respectively, which corresponds to total carrying amount of cash in banks, bank deposits, trade receivables, unbilled revenue, other financial assets and investments.

Trade receivables and contract assets

The exposure to credit risk with respect to trade receivables and contract assets is mainly influenced by individual features of each customer in connection with the practices in the industry and the economic environment in which they operate. The entity limits its exposure to credit risk of trade receivables by establishing a maximum payment period of 272 days for its customers. Subsequent to this, the customers are at default (impaired loan). To manage this risk, the Company has a strong credit management process. The Company has adopted a policy to engage operations only with solvent counterparties. The counterparties' exposure is monitored on a regular basis, and changes to the credit conditions are made as required. The carrying amount of financial assets represents the maximum credit exposure. The Company has derecognized no customer balances, and only a few balances have impaired at the reporting date.

As of December 31, 2019 and 2018, the Company's exposure to customer is diversified; however, certain customers concentrate more than 10% of trade receivables and unbilled revenue:

(ThCh\$)

	As at December 31, 2019		As at December 31, 2018	
	Total receivables and provisions for revenue	percent	Total receivables and provisions for revenue	percent
Customer A	412,761	32%	481,033	37%
Customer B	401,470	31%	398,255	31%

(v) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations. Liquidity risk management is intended to maintain sufficient liquidity and ensure that funds are available for use as per the requirements.

On a regular basis, the Company generated sufficient cash flows from operations to meet its financial obligations as they mature.

Notes to the Separate Financial Statements

(ThCh\$)

As of December 31, 2019

Financial assets

Non-derivative financial liabilities:

Trade payables

Payables due to related parties,
non-current

Total

As of December 31, 2018

Non-derivative financial liabilities:

Trade payables

Other financial liabilities

Total

	Expired in 1st year	Expired in 2nd year	Expired between the 3rd and 5th year	Expired in 5th year	Total
Trade payables	128,873	-	-	-	128,873
Payables due to related parties, non-current	-	525,526	-	-	525,526
Total	128,873	525,526	-	-	654,399
Trade payables	97,847	-	-	-	97,847
Other financial liabilities		832,755	-	-	832,755
Total	97,847	832,755	-	-	930,602

5 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

A. Balances and transactions with related parties

(a) Receivables

(ThCh\$)

Company	Relationship	Current	
		As at December 31, 2019	As at December 31, 2018
Tata Consultancy Services Chile S.A.	Subsidiary	74,872	62,663
TCS Solution Center S.A.	Common shareholders	28,014	30,057
MGDC SC	Common shareholders	9	10
Tata Consultancy Services de Mexico SA de CV	Common shareholders	412,761	398,254
TCS Colombia S.A.	Common shareholders	121,239	102,239
Tata Consultancy Services Sucursal del Perú	Branch	32,615	56,210
TCS Uruguay S.A.	Common shareholders	73,361	41,503
Technology Outsourcing S.A.C	Subsidiary	13,025	15,761
TATA Solution Center S.A.	Subsidiary	94,549	107,747
TCS Iberoamerica S.A.	Parent	401,470	481,033
Tata Consultancy Services Limited	Parent	25,549	-
		1,277,463	1,295,477

Notes to the Separate Financial Statements

(b) Payables

(ThCh\$)

Company	Relationship	As at December 31, 2019	As at December 31, 2018
Tata Consultancy Services Chile S.A.	Subsidiary	-	422
Tata Consultancy Services Limited	Parent	13,943	-
		<u>13,943</u>	<u>422</u>

(c) Interests payable

(ThCh\$)

Company	Relationship	As at December 31, 2019	As at December 31, 2018
Tata Consultancy Services Chile S.A.	Subsidiary	11,094	4,244
		<u>11,094</u>	<u>4,244</u>

(d) Other non-current financial liabilities

(ThCh\$)

Company	Relationship	As at December 31, 2019	As at December 31, 2018
Tata Consultancy Services Chile S.A.	Subsidiary	525,526	832,755
		<u>525,526</u>	<u>832,755</u>

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.

B. Significant transactions and their effect on profit or loss

(ThCh\$)

				For the year ended December 31, 2019		For the year ended December 31, 2018	
Taxpayer ID No.	Company	Relationship	Transaction description	Amount	Credit/(debit) to profit or loss	Amount	Credit/(debit) to profit or loss
Foreign	Tata Solution Center S.A. (Ec- uador)	Common shareholders	Dividends received	-	-	26,913	26,913
Foreign	Tata Solution Center S.A. (Ec- uador)	Common shareholders	Overhead services	326,222	326,222	388,490	388,490
76.385.060-9	Tata Consultancy Services Chile S.A.	Subsidiary	Overhead services	288,852	(288,852)	244,005	244,005

Notes to the Separate Financial Statements

				For the year ended December 31, 2019		For the year ended December 31, 2018	
Taxpayer ID No.	Company	Relationship	Transaction description	Amount	Credit/(debit) to profit or loss	Amount	Credit/(debit) to profit or loss
76.385.060-9	Tata Consultancy Services Chile S.A.	Subsidiary	Repayment of financing	355,610	-	400,000	-
76.385.060-9	Tata Consultancy Services Chile S.A.	Subsidiary	Expense reimbursement	44,038	(44,038)	68,756	(68,756)
76.385.060-9	Tata Consultancy Services Chile S.A.	Subsidiary	Reembolso de gasto	43	43	69,211	(69,211)
76.385.060-9	Tata Consultancy Services Chile S.A.	Subsidiary	Dividends received	8,483,855	8,483,855	9,739,092	9,739,092
Foreign	TCS Iberoamerica S.A.	Parent	Dividends paid	8,483,875	-	10,367,445	-
Foreign	Tata Consultancy Services Sucursal del Perú	Branch	Overhead services	121,961	121,961	96,040	96,040
Foreign	Tata Consultancy Services Mexico S.A.	Common shareholders	Overhead services	1,556,674	1,556,674	1,437,549	1,437,549
Foreign	Tata Consultancy Services Colombia S.A.	Common shareholders	Overhead services	449,619	449,619	383,111	383,111
Foreign	TCS Solution Center S.A. (Uruguay)	Common shareholders	Overhead services	125,205	125,205	112,312	112,312
Foreign	MGDC SC	Common shareholders	Overhead services	30	30	31	31
Foreign	TCS Uruguay S.A.	Common shareholders	Overhead services	256,943	256,943	155,114	155,114
Foreign	TCS Uruguay S.A.	Common shareholders	Profit distribution	1	-	1	-
Foreign	Technology Outsourcong S.A..	Common shareholders	Overhead services	43,700	43,700	60,021	60,021
Foreign	Tata Consultancy Services Limited	Parent	Expense reimbursement	176,171	(176,171)	-	-

6 NON-FINANCIAL ASSETS AND LIABILITIES

A. Furniture and equipment

On the date of transition to International Financial Reporting Standards, the Company elected to define deemed cost as the alternative for maintaining the assets measured at their acquisition cost adjusted and discounted for accumulated depreciation, where applicable, under Chilean standards applied until the date of adoption of IFRS.

The cost of items of furniture 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

Notes to the Separate Financial Statements

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 are incurred. Note that certain items of furniture and equipment of TCS Inversiones Chile LTDA. 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 as an increase in 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.

(i) Depreciation

Items of furniture 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 furniture and equipment are reviewed on an annual basis, and depreciation starts when assets are brought to working condition for their intended use.

The main items of property, plant and and their related useful lives are shown below:

	Useful life (years)
Furniture and fixtures	5
Machinery and computer equipment	4
Electrical and air conditioning equipment	10
Storage facilities	10

Land is recognized separately from the buildings or facilities that may stand on them, it has an indefinite useful life and, accordingly, it is not depreciated.

TCS Inversiones Chile LTDA., at least annually, assesses the existence of a possible impairment of assets in furniture and equipment. Any reversal of the impairment loss is recognized in profit or loss, where applicable.

(ii) Impairment

Furniture and equipment with a limited useful life are assessed to recover them as long as there is any indication that their carrying amount may not be recoverable. Should such indication exist, the recoverable amount (i.e. the higher of its fair value less costs to sell and its value in use) is determined based on an individual asset, unless such asset generates no cash inflows that are largely independent 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 lower than its carrying amount, then the asset's carrying amount (or CGU) is reduced to its recoverable amount. Impairment losses are recognized in profit or loss.

(a) Detail

Classes of furniture and equipment, net

	As at December 31, 2019	As at December 31, 2018
IT equipment	1,984	1,956
Office equipment	4,283	4,877
Total furniture and equipment, net	6,267	6,833

(ThCh\$)

Notes to the Separate Financial Statements

Classes of furniture and equipment, net

(ThCh\$)

	As at December 31, 2019	As at December 31, 2018
IT equipment	2,653	2,060
Office equipment	5,917	5,422
Total furniture and equipment, gross	8,570	7,482

Accumulated depreciation by class of furniture and equipment at each year-end is as follows:

Types of accumulated depreciation and impairment of furniture and equipment

(ThCh\$)

	As at December 31, 2019	As at December 31, 2018
IT equipment	(565)	(104)
Office equipment	(1,089)	(545)
Total accumulated depreciation and impairment of furniture and equipment	(1,654)	(649)

(b) Movements

Accounting movements in net furniture and equipment for the years ended December 31, 2019 and 2018 are as follows:

(ThCh\$)

	IT equipment	Office equipment	Furniture and equipment, net
Opening balance as of January 1, 2019 (net of accumulated depreciation)	1,956	4,877	6,833
Acquisitions	593	495	1,088
Sales and disposals	-	-	-
Depreciation expense	(565)	(1,089)	(1,654)
Other increases/(decreases)	-	-	-
Total net furniture as of December 31, 2019	1,984	4,283	6,267
Opening balance as of January 1, 2018 (net of accumulated depreciation)	-	-	-
Acquisitions	2,060	5,422	7,482
Sales and disposals	-	-	-
Depreciation expense	(104)	(545)	(649)
Other increases/(decreases)	-	-	-
Total net furniture as of December 31, 2018	1,956	4,877	6,833

The total depreciation expense for 2019 and 2018 amounts to ThCh\$2,304 and ThCh\$649, respectively, and is classified within the caption Depreciation expense in the separate statements of comprehensive income per nature.

Notes to the Separate Financial Statements

Accounting movements in the cost of gross furniture and equipment, for the years ended December 31, 2019 and 2018 are as follows:

	IT equipment	Office equipment	Furniture and equipment, net
Opening balance as of January 1, 2019 (gross)	2,060	5,422	7,482
Acquisitions	593	495	1,088
Other increases / (decreases)	-	-	-
Net accumulated depreciation as of December 31, 2019	2,653	5,917	8,570
Opening balance as of January 1, 2018 (gross)	-	-	-
Acquisitions	2,060	5,422	7,482
Other increases / (decreases)	-	-	-
Net accumulated depreciation as of December 31, 2018	2,060	5,422	7,482

Accounting movements in accumulated depreciation of net furniture and equipment, for the years ended December 31, 2019 and 2018 are as follows:

	IT equipment	Office equipment	Furniture and equipment, net
Opening balance of accumulated depreciation as of January 1, 2019	(104)	(545)	(649)
Acquisitions	-	-	-
Sales and disposals	-	-	-
Depreciation expense	(461)	(544)	(1,005)
Other increases/(decreases)	-	-	-
Net accumulated depreciation as of December 31, 2019	(565)	(1,089)	(1,654)
Opening balance of accumulated depreciation as of January 1, 2018	-	-	-
Acquisitions	-	-	-
Sales and disposals	-	-	-
Depreciation expense	(104)	(545)	(649)
Other increases/(decreases)	-	-	-
Net accumulated depreciation as of December 31, 2018	(104)	(545)	(649)

(b) Other current non-financial liabilities

As of December 31, 2019 and 2018, other current non-financial liabilities are detailed as follows:

(ThCh\$)

Taxpayer ID No.	Company	Relationship	As at December 31, 2019	As at December 31, 2018
76.385.060-9	TCS Iberoamerica S.A.	Parent	401,470	481,033
Total			401,470	481,033

Notes to the Separate Financial Statements

7 INCOME TAX AND DEFERRED TAXES

Income tax expense comprises the current income tax expense and net variation in the deferred income tax asset or liability during the year. Current taxes and deferred taxes are recognized in profit or loss, except when they relate to items recognized in other comprehensive income or directly recognized in equity, in which case they are also recognized in other comprehensive income or directly in equity, respectively.

(i) Current income taxes

Current income tax is based on the tax profit for the year, and is calculated using the tax rates enacted at the reporting date.

Prepaid taxes and current income tax provisions are recognized in the statement of financial position upon offsetting such prepaid taxes and income tax provisions generated from the same tax jurisdiction and where the relevant tax payment unit is aimed at settling the asset and liability on a net tax basis.

(ii) Deferred income taxes

The Company recognizes deferred income taxes using the statement of position method. Deferred taxes are obtained from 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 substantially enacted tax rates or rates expected to be applied on taxable income in the years the Company expects to receive them or the temporary differences are settled. Deferred tax assets and liabilities are offset when they relate to the income taxes collected by the same tax authority and the relevant company intends to settle its assets and liabilities on a net tax basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and discounted to the extent that it is not probable that sufficient taxable profit will be available to allow the use of a portion or all that deferred tax asset.

(a) Income tax recognized in profit or loss for the year

(ThCh\$)

Income tax expense

Income tax from prior periods

Other current tax income/(expenses)

Current tax expense

Deferred tax income/(expense) related to the generation and reversal of temporary differences for current tax

Income tax expense, net

Accumulated for the period from January through December	
As at December 31, 2019	As at December 31, 2018
227	(60,422)
(170,946)	(108,719)
(170,719)	(169,141)
8,451	20,951
(162,268)	(148,190)

Notes to the Separate Financial Statements

(b) Reconciliation of accounting profit or loss to taxable profit or loss

(ThCh\$)

Income tax expense	As at December 31, 2019	%	As at December 31, 2018	%
Net gain	8,898,323		9,994,536	
Effective tax rate	27.0%		27.0%	
Tax expense using the legal rate	(2,402,547)	-27%	(2,698,525)	-27%
Income with tax credit from foreign source	-	0%	7,591	0%
Adjustment of income tax recorded in prior periods	227	0%	(60,422)	-1%
Non-taxable income	2,290,641	26%	2,629,555	26%
Other adjustments to net taxable income	(50,589)	-1%	(26,389)	0%
Tax expense using the effective rate	(162,268)	-2%	(148,190)	-1%

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.

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 the commercial year 2017.

(c) Deferred taxes

As of December 31, 2019 and 2018, the detail of accumulated balances of deferred tax assets and liabilities is as follows:

(ThCh\$)

Recognized deferred tax assets related to:	As at December 31, 2019	As at December 31, 2018
Accrued vacations	37,423	32,602
Other	108,835	105,205
Total deferred taxes	146,258	137,807

(d) Movements Deferred taxes

As of December 31, 2019 and 2018, the detail of movements in deferred tax assets and liabilities is as follows:

(ThCh\$)

Movements	Balance as of January 1, 2019	Effects recognized in profit or loss	Balance as of December 31, 2019
Recognized deferred tax assets related to:			
Accrued vacations	32,602	4,821	37,423
Other	105,205	3,630	108,835
Total deferred tax assets	137,807	8,451	146,258

Notes to the Separate Financial Statements

8 EMPLOYEE BENEFITS

(a) Obligations for employee benefits

As of December 31, 2019 and 2018, this caption is detailed as follows:

(ThCh\$)

	As at December 31, 2019	As at December 31, 2018
Share of profit or loss	401,240	388,461
Accrued vacations	138,602	120,747
Provision for bonuses (Gems)	210	392
Total	540,052	509,600

(b) Movements in employee benefitss

(ThCh\$)

	Accrued vacations	Share of profit or loss	Other	Total
Opening balance	120,747	388,461	392	509,600
Movements in provisions:				
Additional obligations	123,803	276,362	-	400,165
Obligations used	(105,947)	(263,583)	(183)	(369,713)
Total movements in provisions	17,856	12,779	(183)	30,452
Balance as of December 31, 2019	138,602	401,240	210	540,052

	Accrued vacations	Share of profit or loss	Other	Total
Opening balance	85,644	372,616	-	458,260
Movements in provisions:				
Additional obligations	149,429	642,836	392	792,657
Obligations used	(114,326)	(626,991)		(741,317)
Total movements in provisions	35,103	15,845	392	51,340
Balance as of December 31, 2018	120,747	388,461	392	509,600

9 OPERATING PROFIT

The Company obtains revenue from providing personnel solutions associated with loan staff to its customers (which are related parties), associated with different customers' operating areas.

The Company has a single performance obligation which is providing labour services to its customers. Revenue is recognized when services are provided to customers for an amount that reflects the consideration the Company expects to receive in exchange for such services, using the expected cost plus a margin approach, in accordance with the terms of the underlying agreement. Invoices are issued according to contractual terms entered into with the related party, which are usually monthly.

Notes to the Separate Financial Statements

The Company has applied the practical expedient for recognizing service revenue in proportion to the amount it is entitled to invoice to customers in accordance with the terms of the agreement.

Revenue excludes taxes collected from customers.

All revenue is obtained from customers located in Latin America.

(ThCh\$)

	As at December 31, 2019	As at December 31, 2018
Consulting services and administrative support	3,169,206	2,876,673
Total revenue	3,169,206	2,876,673

10 OTHER OPERATING EXPENSES

As of December 31, 2019 and 2018, other operating expenses are as follows:

(ThCh\$)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Data circuits (communications)	18,565	11,506
Installations	3,579	3,860
Travel expenses	240,694	209,363
Expenses for consulting	55,779	3,737
Other expenses	39,825	74,944
Totals	358,442	303,410

11 EXPENSES BY FUNCTION

As of December 31, 2019 and 2018, expenses by function are detailed as follows:

(ThCh\$)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Cost of revenue	-	-
Employee benefit expense	2,934,781	2,675,989
Total	2,934,781	2,675,989

12 DIVIDENDS RECEIVED FROM SUBSIDIARIES

As of December 31, 2019 and 2018, dividends received from the subsidiary Tata Solution Center S.A. (Ecuador) are detailed as follows:

(ThCh\$)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Tata Consultancy Services Chile S.A.*	8,483,855	9,739,092
TataSolution Center S.A. (Ecuador)**	-	26,913
Total	8,483,855	9,766,005

(*) Dividend received on June 6, 2018 and May 1, 2019.

(**) Dividend received on December 14, 2018.

Notes to the Separate Financial Statements

13 FOREIGN CURRENCY EXCHANGE DIFFERENCES

(ThCh\$)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Receivables due from/Payables due to related parties	36,689	77,518
Other	187,411	19,085
Total	224,100	96,603

14 LAWSUITS AND CONTINGENCIES

As of December 31, 2019, the Company is not aware of any contingency or commitment that could affect the interpretation and the accompanying separate financial statements.

15 SUBSEQUENT EVENTS

COVID-19 (or Coronavirus)

On January 31, 2020, the World Health Organization (WHO) announced COVID-19 (Coronavirus) as a global health emergency and on March 18, 2020, the Government of Chile has decreed a State of Constitutional Exception of Catastrophe throughout the national territory, which has implied adopting sanitary measures to face this situation, both locally and internationally, including, among others, the restriction of movement of people and the closure of borders, which is expected to significantly affect economic activity and markets in general.

The spread of this COVID-19 pandemic (Coronavirus) has generated volatility and uncertainty in the financial markets and in the economic environment worldwide. In view of this scenario, the Company created a Crisis Committee to monitor the main risks and potential impacts and to adopt preventive and emergency measures to mitigate the effects of the pandemic, meeting daily to discuss the issues. Under the terms of Decree n° 104 of 18 of March of 2020 defines public services and essential activities in the context of the measures adopted to face the pandemic, the Company's operational activities are classified as essential. Consequently, they have not been directly affected and remain in normal operation. In this sense, the Company is following the guidelines of the MS and WHO to preserve the integrity of its employees and for operational continuity.

Other

Between January 1, 2020 and the date when financial statements were authorized for issue, there are no additional subsequent events that could affect the Company's financial position and/or profit or loss or which require disclosure in the notes to the financial statements.

TATA CONSULTANCY SERVICES CHILE S.A.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended December 31, 2019

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

THE PARTNERS AND DIRECTORS OF TATA CONSULTANCY SERVICES CHILE S.A.:

We have audited the accompanying separate financial statements of Tata Consultancy Services Chile S.A., which comprise the separate statements of financial position as of December 31, 2019 and 2018, and the related separate statements of comprehensive income, changes in equity, and 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; 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 audits in accordance with Auditing Standards Generally Accepted in Chile. 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 auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 audit 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, 2019 and 2018 and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

These separate financial statements have to be read and analyzed in conjunction with the consolidated financial statements of Tata Consultancy Services Limited. Our opinion is not modified with respect to this matter.

Other matter

The above translation of the auditor's report is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

KPMG SpA

José M. Galindo P.

Santiago, April 9, 2020

Separate Statements of Financial Position

(ThCh\$)

	Note	As at December 31, 2019	As at December 31, 2018
ASSETS			
Current assets:			
Cash and cash equivalents	4 (a)	4,935,997	5,989,944
Trade and other receivables, current			
Trade receivables	4 (c)	4,723,421	5,037,035
Accrued, unbilled revenue	4 (c)	1,758,665	1,530,641
Other current financial assets	4 (d)	715,795	850,942
Income tax assets, net	6 (a)	544,256	258,168
Other assets	7 (d)	1,893,995	474,074
Total Current Assets		14,572,129	14,140,804
Non-current assets			
Other non-current financial assets	4 (d)	656,907	8,154,060
Non-current income tax assets, net	6 (b)	873,514	2,170,522
Investments in subsidiaries	4 (b)	11,790,309	10,445,469
Goodwill	7 (b)	17,720,950	17,720,950
Furniture and equipment, net	7 (a)	738,331	716,007
Right-of-use assets	8	4,214,819	-
Other assets	7 (c)	32,971	12,042
Deferred tax assets	9 (c)	778,212	506,852
Total non-current assets		36,806,013	39,725,902
Total Assets		51,378,142	53,866,706
LIABILITIES AND EQUITY			
Current liabilities:			
Trade payables	4 (e)	2,286,141	1,609,705
Current lease liabilities	8	787,046	-
Other financial liabilities	4 (f)	392,055	912,143
Unearned and deferred revenue	11	598,589	43,369
Employee benefit obligations	10	1,657,799	1,449,909
Other non-financial liabilities	4 (g)	966,113	1,049,281
Total current liabilities		6,687,743	5,064,407
Non-current liabilities:			
Non-current lease liabilities	8	3,588,003	-
Unearned and deferred revenue	11	-	406,315
Total non-current liabilities		3,588,003	406,315
Total liabilities		10,275,746	5,470,722
Equity			
Share capital	4 (h)	16,997,134	16,997,134
Retained earnings		24,105,262	31,398,850
Total equity		41,102,396	48,395,984
TOTAL LIABILITIES AND EQUITY		51,378,142	53,866,706

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE SEPARATE FINANCIAL STATEMENTS

Separate Statements of Comprehensive Income, per Nature of the Expense

(ThCh\$)

	Note	Accumulated	
		For the year ended December 31, 2019	For the year ended December 31, 2018
Revenue	13	38,646,116	32,449,040
TOTAL REVENUE		38,646,116	32,449,040
Expenses			
Salaries and employee benefits		(25,124,750)	(21,469,275)
Other operating expenses	15	(10,489,513)	(11,470,522)
Depreciation and amortization expenses		(1,148,499)	(398,251)
TOTAL EXPENSES	16	(36,762,762)	(33,338,048)
TOTAL OPERATING INCOME (LOSS)		1,883,354	(889,008)
Other income			
Finance and other income	14	146,133	519,211
Dividends received from subsidiaries	17	-	2,664,348
Foreign currency translation difference	18	(129,442)	1,195,564
Other non-operating expenses, net		6,851	5,428
TOTAL OTHER INCOME, NET		23,542	4,384,551
PROFIT BEFORE TAX		1,906,896	3,495,543
Income tax benefit (expense)	9 (a)	(647,472)	740,013
PROFIT FROM CONTINUING OPERATIONS AFTER TAX		1,259,424	4,235,556
Profit for the period		1,259,424	4,235,556
OTHER COMPREHENSIVE INCOME (LOSS):			
Profit for the period		1,259,424	4,235,556
Other comprehensive income (loss)		-	-
TOTAL COMPREHENSIVE INCOME		1,259,424	4,235,556

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE SEPARATE FINANCIAL STATEMENTS

Separate Statements of changes in Equity

	Note	Number of shares	Share capital (ThCh\$)	Retained earnings (ThCh\$)	Total equity (ThCh\$)
Balance as of January 1, 2019		431,926	16,997,134	31,398,850	48,395,984
Impact of the transition to IFRS 16		-	-	(69,137)	(69,137)
Adjusted opening balance as of January 1, 2019		431,926	16,997,134	31,329,713	48,326,847
Comprehensive Income					
Profit for the year		-	-	1,259,424	1,259,424
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	1,259,424	1,259,424
Dividends distributed to the shareholders	12	-	-	(8,483,875)	(8,483,875)
Changes in equity		-	-	(7,224,451)	(7,224,451)
Closing balance as of December 31, 2019		431,926	16,997,134	24,105,262	41,102,396
Balance as at 1 January 2018		431,926	16,997,134	36,902,410	53,899,544
Comprehensive Income:					
Profit for the year		-	-	4,235,556	4,235,556
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	4,235,556	4,235,556
Dividends distributed to the shareholders	12	-	-	(9,739,116)	(9,739,116)
Changes in equity		-	-	(5,503,560)	(5,503,560)
Closing balance as at 31 December 2018		431,926	16,997,134	31,398,850	48,395,984

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE SEPARATE FINANCIAL STATEMENTS

Separate Statements of Cash Flows, Indirect Method

(ThCh\$)

	Note	For Year ended December 31, 2019	For Year ended December 31, 2018
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES			
Profit for the year		1,259,424	4,235,556
Adjustments to reconcile profit for the year:			
Income tax	9 (a)	647,472	(740,013)
Depreciation and amortization		1,148,499	398,251
Loss from disposal of furniture and equipment	7	-	265
Effect of foreign currency translation difference		1,549	(828,270)
Total cash flows before changes in working capital		1,797,520	(1,169,767)
Increase/(decrease) in working capital:			
Trade receivables		313,613	2,194,678
Accrued receivables		(1,964,837)	194,923
Other financial assets		266,528	(309,009)
Inventory		-	76,832
Other assets		554,807	(197,726)
Trade payables		658,009	(2,024,387)
Other current financial liabilities		(520,088)	654,140
Deferred income		152,824	256,380
Provision for employee benefits		207,890	230,803
Other current liabilities		(83,168)	18,476
Total net increase in working capital		(414,422)	1,095,110
Interests paid		18,425	-
Income tax paid		117,659	516,282
Net cash from operating activities		2,778,606	4,677,181
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES:			
Acquisition of furniture and equipment		(347,960)	(168,891)
Net cash used for investing activities		(347,960)	(168,891)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:			
Loans granted to related companies	5 (b)	(262,763)	-
Cash receipts for loans granted to related companies	5 (b)	6,019,383	6,196,625
Dividend payment	12	(8,483,875)	(9,739,116)
Payment of lease liabilities		(757,340)	-
Net cash used in financing activities		(3,484,594)	(3,542,491)
Net increase/(decrease) in cash and cash equivalents		(1,053,947)	965,798
Cash and cash equivalents at January 1		5,989,944	5,024,149
Cash and cash equivalents at December 31		4,935,997	5,989,944

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE SEPARATE FINANCIAL STATEMENTS

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Notes to the Separate 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 - Comicro 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.

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

These separate financial statements have to be read and analyzed in conjunction with the consolidated financial statements of Tata Consultancy Services Limited.

2. BASES FOR PRESENTATION OF SEPARATE FINANCIAL STATEMENTS

(a) Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles under IFRS, requires that Management performs estimates and judgments which have an impact on the reported balances of assets and liabilities, the disclosures of contingent liabilities at the reporting date, and the balance of income and expenses for the reporting periods.

The underlying estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimate is revised and any future periods affected.

The key source of estimation uncertainty at the reporting date, which may result in a material adjustment to the carrying amounts of assets and liabilities within the subsequent financial year, relates to the impairment of goodwill, useful lives of items of furniture and equipment, valuation of deferred tax assets, provisions and contingent liabilities, as detailed below. The main key sources of estimation uncertainty related to revenue recognition, employee benefits, and fair value measurement of financial instruments, have been assessed based on the applicable policies.

Revenue recognition

- The Company's contracts with customers may include multiple goods or services promised to customers. The Company assesses the goods / services promised in a contract and identifies distinct performance obligations in it. The identification of a different performance obligation implies judgment to determine the deliverables involved and the customer's ability to benefit from the good or service, independently of such deliverables.
- In addition, the Company is required to apply judgment to determine the transaction price of the contract. The transaction price could be a fixed amount of customer consideration, or a variable consideration including elements such as volume discounts, service level credits, performance bonuses, price concessions, and incentives. In addition, the transaction price is adjusted for the effects of the time value of money if the contract contains a significant financing component. Any consideration payable to the customer is adjusted at the transaction price, unless it relates to a payment for a different good or service of the customer. The estimated amount of the variable consideration is adjusted in the transaction price only to the extent that it is highly probable that that there will

Notes to the Separate Financial Statements

be no significant reversal of the retained earnings recognized, and it is reassessed at each reporting period. The Group allocates the elements of variable considerations to all performance obligations of the contract, unless there is observable evidence that such elements relate to one or more different performance obligations.

- The Company applies judgment to determine the appropriate stand-alone selling price for a performance obligation. Regularly, the Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of the separate goods or service promised in the contract. When the stand-alone selling price is not observable, the Company uses the expected cost plus a margin approach to allocate the transaction price to each separate performance obligation.
- The Company applies judgment to determine whether a performance obligation is satisfied at a point in time or over time. It takes into account indicators such as the manner in which the customer consumes the benefits as services are rendered or who controls the asset as it is created, or whether the Company has an enforceable right to payment for performance completed through the present date and the alternative use of such product or service, the transfer of significant risks and rewards to the customer, the acceptance of delivery by the customer, etc.
- Revenue from fixed-price contracts are recognized using the percentage of completion method. The Company applies judgment to estimate the future cost until completion of the contracts it uses to determine the progress towards complete satisfaction of the performance obligation.
- The costs incurred in complying with the contracts are generally recorded as expenses incurred, except for certain software license costs which comply with capitalization criteria. Such costs are amortized over the lower of the contract term or the license useful life. The assessment of this criterion requires judgment, particularly when considering whether the costs create or enhance resources that will be used in satisfying performance obligations, and whether such costs are expected to be recovered.

Impairment of goodwill

The Company estimates the value in use of cash generating units (CGU) based on future cash flows after taking into account current economic conditions and trends, estimated future operating profit or loss, growth rate, and estimated future economic and regulatory conditions. The Company estimates cash flows using internal forecasts. The discount rates used for the CGUs represent the weighted average cost of principal based on the historic market performance of comparable companies.

Useful lives of items of furniture and equipment.

The Company reviews the carrying amount of items of furniture and equipment at the end of each reporting period. This reassessment may result in changes to the depreciation expense for future periods.

Measurement 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

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Contingent liabilities are not recognized in the financial statements. Contingent assets are not recognized or disclosed in the financial statements.

Fair value measurement of financial instruments.

When the Company is not able to measure the fair value of financial assets and financial liabilities in the statement of financial position based on quoted prices in active markets, the fair value is measured using valuation techniques which include the discounted cash flow model. Inputs to these models are obtained from observable markets where possible, otherwise a degree of judgment is required to establish fair values. The judgments include considering inputs such as liquidity risk, credit risk and volatility.

Changes in the assumptions with respect to these factors could affect the reported fair value of financial instruments. The policy has been explained in further detail in Note 3 (p).

Notes to the Separate Financial Statements

Leases

The Company assesses whether an agreement is classified as a lease as per the requirements of IFRS 16. Identifying a lease requires significant judgment. The Company uses significant judgment to assess the lease term (including early renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both: periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

In general, the discount rate is based on the specific incremental interest rate for the lease under assessment or a lease portfolio with similar characteristics.

(b) Statement of compliance

These separate financial statements of Tata Consultancy Services Chile S.A. (hereinafter the "Company"), for the year ended December 31, 2019, are presented in Chilean pesos and have been prepared in accordance with IAS 27, "Separate Financial Statements" included in International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (hereinafter the "IASB"), applying the exception described in paragraph 4 of IFRS 10, Consolidated Financial Statements. Likewise, these financial statements are exempt from disclosure provisions contained in IFRS 12.

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; the separate financial statements have been approved by the Board of Directors on March 25, 2020.

The translation of these financial statements is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

(c) 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 of whether that price is directly observable or estimated using another valuation technique. For purposes of measurement and/or disclosure in these separate financial statements, fair value is determined as described above, except for the determination of value in use under IAS 36, which has been measured at market value.

(d) 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 of 12 months or less, and non-current when the maturity exceeds 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.

(iii) Separate statements of comprehensive income

Tata Consultancy Services Chile S.A. has opted to present its statements of income classified by nature.

(iiii) Separate statements of cash flows

Tata Consultancy Services Chile S.A. has opted to present its statements of cash flows using the indirect method.

(e) Period covered

These separate financial statements of Tata Consultancy Services Chile S.A. were prepared as of December 31, 2019 and 2018 and for the years then ended.

Notes to the Separate Financial Statements

(f) Currency

The functional currency of Tata Consultancy Services Chile S.A. is the Chilean peso.

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 based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

(g) Basis of translation

Balances of assets and liabilities in UF (inflation-adjusted units), U.S. dollars and other foreign currencies 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\$)	
	As at December 31, 2019	As at December 31, 2018
US Dollar	748.74	694.77
Inflation-adjusted unit (UF)	28,309.94	27,565.79

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 those currently in force.

(h) Classification of balances (current and non-current)

In the accompanying statement of financial position, balances are 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

Investing activities are the acquisition and disposal of long-term 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The entity has consistently applied the following accounting policies to all periods presented in these separate financial statements.

The accounting policies set out below have been used in the preparation of these separate financial statements. As required by IFRS 1, these policies have been defined considering the IFRS effective as of December 31, 2019.

Notes to the Separate Financial Statements

(a) Provisions and contingent liabilities

A provision is a liability of uncertain timing or amount. 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 an obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

(b) 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 its nominal value.

(c) 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 offsetting is required or permitted by any standard and such presentation is the reflection of the substance of the transaction.

Revenues and expenses generated by transactions which contractually or mandatorily because of the enactment of a law include the possibility of offsetting, are those for which the Company intends either to settle the obligations on a net basis, or to realize the asset and settle the liability simultaneously.

(d) New accounting pronouncements

The Group has not adopted the following new or amended IFRSs issued but not yet effective:

Amendments to IFRS	References to the Conceptual Framework ¹
Amendments to IFRS 3	Definition of a Business ¹
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform ¹

¹ Effective for the annual periods beginning on January 1, 2020

IFRS Standards - References to the Conceptual Framework

In March 2018 the International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. This document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32. These amendments mainly update pronouncements for them to refer to the revised Conceptual Framework instead of the previous version of such Conceptual Framework, or indicate that definitions in standards have not been updated to the new definitions determined in the revised Conceptual Framework. Entities that rely on the Conceptual Framework should consider whether their accounting policies continue being appropriate as per the revised framework, which becomes effective from January 1, 2020. The Group believes that these amendments will have no impact on its financial statements.

IFRS 3 - Definition of a Business

In October 2018, the IASB issued Definition of a Business (Amendments to IFRS 3) to help companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments confirmed that a business must include inputs, narrowed the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities and added a test that makes it

Notes to the Separate Financial Statements

easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially concentrated in a single asset or group of similar assets. Amendments mainly provide a clearer application guidance. The Group believes that this amendment will have no impact on its assessment as to whether activities and assets acquired are a business or a group of assets.

IAS 1 and IAS 8 - Definition of Material

In October 2018, the IASB issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to include the following three aspects in the new definition of "material":

- **Obscuring:** The existing definition only focused on omitting or misstating information, however, the IASB concluded that obscuring material information with information that can be omitted can have a similar effect.
- **Could reasonably be expected to influence:** The existing definition referred to 'could influence' which the IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- **Primary users:** The existing definition referred only to 'users' which again the IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Group does not expect this amendment to have any impact on its assessment of "material" in regard to its financial statements.

IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform

In September 2019, the IASB issued Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7.) The IASB considered that certain hedge accounting requirements in IFRS 9 may be affected by uncertainties arising from the impact on the current reform of certain relevant interest rate benchmarks, for which it is making significant efforts to replace the existing benchmarks with alternative rates subject to almost no risk. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors. Accordingly, the IASB has amended the specific hedge accounting requirements to provide exceptions during this period of uncertainty. This amendment mainly establishes that when an entity determines that a forecast transaction is highly probable to occur, a company will assume that the interest rate benchmark on which hedged cash flows are based, is not altered as a result of the reform. The Group believes that this amendment will have no significant impact because the Group hedges currency risk and contractual cash flows of hedged items, and hedging instruments do not record significant variations due to changes in interest rate benchmarks.

Other significant accounting policies used in preparing these financial statements have been discussed in the related notes.

4 FINANCIAL ASSETS AND FINANCIAL LIABILITIES, AND EQUITY INSTRUMENTS

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or reduce the fair value of financial assets or financial liabilities in the initial recognition.

Financial instruments

Cash and cash equivalents

The Company classifies as cash and cash equivalents all highly-liquid financial instruments, which are readily convertible into known amounts of cash subject to an insignificant risk of changes in value, with maturities of three months or less from the date of acquisition. Cash and cash equivalents comprise cash in banks not restricted for withdrawal and use.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if those financial assets are held within a business model whose objective is to hold 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.

Notes to the Separate Financial Statements

Financial assets at fair value through other comprehensive income.

Financial assets are measured at fair value through other comprehensive income if they 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.

The Company has adopted the irrevocable option of presenting the subsequent changes in the fair values of capital investments not held for trading in other comprehensive income.

Financial assets at fair value through profit and loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortized cost or at fair value through other comprehensive income at initial recognition. Transaction costs directly attributable to the acquisition of financial assets or assumption of financial liabilities at fair value through profit or loss are immediately recognized in the interim condensed statement of profit or loss.

Financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest method.

Equity securities

Equity securities are contracts which establish a residual interest on the Company's assets after deducting all its liabilities. Equity securities issued by the Company are recognized at the amount of the income received net of direct cost of issue.

Impairment of financial assets (not measured at fair value)

At each reporting date, the Company assesses whether a financial asset or group of financial assets is impaired. IFRS 9 requires that expected credit losses are measured through a loss allowance. The Company recognizes lifetime expected credit losses for all its contract assets and/or trade receivables that do not contain a significant financing component. To determine the allowance for doubtful accounts, the Company has used a practical expedient for the calculation of the allowance for expected credit losses of trade receivables using an allowance matrix. The allowance matrix considers the historical credit loss experience and is adjusted for prospective information. The allowance for expected credit losses is based on the maturity of accounts receivable past due and the rates used in the allowance matrix. For the remaining financial assets, expected credit losses are measured at an amount equal to 12-month expected credit losses or an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

(a) Cash and cash equivalents

As of December 31, 2019 and 2018, this caption is composed of the following:

		(ThCh\$)
	As at December 31, 2019	As at December 31, 2018
Cash on hand	6,889	8,230
Time deposits	1,500,000	-
Cash in banks	3,429,108	5,981,714
Total	4,935,997	5,989,944

As of December 31, 2019 and 2018, cash in banks is as follows:

		(ThCh\$)	
Bank	Type of currency	As at December 31, 2019	As at December 31, 2018
Banco Santander	Chilean pesos	2,945,801	2,931,587
Banco Santander	U.S. dollar	476,900	2,972,759
Banco Scotiabank Chile (formerly - BBVA)	Chilean pesos	6,407	77,368
Total		3,429,108	5,981,714

Notes to the Separate Financial Statements

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.

(b) Investments

Investments 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 provided that certain conditions are met. The Company meets each and every of such conditions as of December 31, 2019 and 2018. 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, Tata Consultancy Services Limited (India), which have been prepared and presented in accordance with IFRS as issued by the IASB, and 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 N°10-6. Quito
Tata Consultancy Services Sucursal del Perú	Peru	100.0000	Av. Nicolás Ayllon 2942. piso 3. El Agustino. 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 there is objective evidence that the investment in the subsidiary is 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 profit or loss.

This caption includes investments in subsidiaries held at cost by the Company. The detail is as follows:

Taxpayer ID No.	Company	Country	Ownership interest		Carrying amount of the investment	
			As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
			%	%	(ThCh\$)	(ThCh\$)
Foreign	Tata Solution Center S.A.	Ecuador	99.0000	99.0000	5,535,701	5,535,701
Foreign	Tata Consultancy Services Sucursal del Perú	Peru	100.0000	100.0000	5,106,987	3,762,147
Foreign	Technology Outsourcing S.A.C [2]	Peru	99.9999	99.9999	1,147,621	1,147,621
Totals					11,790,309	10,445,469

Notes to the Separate Financial Statements

Changes in investments in subsidiaries held at cost by the Company are as follows:

(ThCh\$)

Taxpayer ID	Company	Country	Carrying amount of the investment as of January 01, 2019	Additions	Disposals	Carrying amount of the investment as of December 31, 2019
Foreign	Tata Solution Center S.A.	Ecuador	5,535,701	-	-	5,535,701
Foreign	Tata Consultancy Services Sucursal del Perú	Peru	3,762,147	1,344,840	-	5,106,987
Foreign	Technology Outsourcing S.A.C	Peru	1,147,621	-	-	1,147,621
	Totals		10,445,469	1,344,840	-	11,790,309

(ThCh\$)

Taxpayer ID	Company	Country	Carrying amount of the investment as of January 01, 2018	Additions	Disposals	Carrying amount of the investment as of December 31, 2018
Foreign	Tata Solution Center S.A.	Ecuador	5,535,701	-	-	5,535,701
Foreign	Tata Consultancy Services Sucursal del Perú	Peru	3,762,147	-	-	3,762,147
Foreign	Technology Outsourcing S.A.C	Peru	1,147,621	-	-	1,147,621
	Totals		10,445,469	-	-	10,445,469

As of December 31, 2019 and 2018, the financial information contained in the financial statements of the companies over which the Company has control is detailed as follows:

(ThCh\$)

Taxpayer ID	Company	Country	Assets	Liabilities	Equity	Profit or loss
			As of December 31, 2019			
Foreign	Tata Solution Center S.A.	Ecuador	17,379,004	11,772,439	5,606,565	(1,820,187)
Foreign	Tata Consultancy Services Sucursal del Perú	Peru	7,692,858	6,260,005	1,432,854	2,246
Foreign	Technology Outsourcing S.A.C	Peru	2,039,812	974,098	1,065,714	(30,090)

(ThCh\$)

Taxpayer ID	Company	Country	Assets	Liabilities	Equity	Profit or loss
			As of December 31, 2018			
Foreign	TataSolution Center S.A.	Ecuador	19,071,437	12,145,274	6,926,162	4,185,294
Foreign	Tata Consultancy Services Sucursal del Peru	Peru	5,822,025	5,876,269	(54,244)	(419,100)
Foreign	Technology Outsourcing S.A.C	Peru	1,993,406	988,969	1,004,438	585,750

Balances of assets and liabilities in U.S. dollars and Peruvian nuevo sol are translated into Chilean pesos at the exchange rates in force at the closing date. U.S. dollar 2019 (748.74) and 2018 (694.77), Peruvian Nuevo sol 2019 (224.55) and 2018 (206.25).

Notes to the Separate Financial Statements

(c) Trade and other receivables, current

(a) Trade receivables are detailed as follows:

(ThCh\$)

	As at December 31, 2019	As at December 31, 2018
Trade receivables	4,502,789	4,694,659
Receivables due from related parties	220,632	342,376
Total	4,723,421	5,037,035

The fair value of trade receivables corresponds 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\$)

	As at December 31, 2019	As at December 31, 2018
Up to 30 days	4,591,703	4,464,358
31 to 60 days	25,441	492,834
61 to 180 days	100,893	44,830
Over 180 days	5,384	35,013
Impairment	-	-
Total	4,723,421	5,037,035

(c) Unbilled trade receivables are detailed as follows:

(ThCh\$)

	As at December 31, 2019	As at December 31, 2018
Unbilled trade receivables	1,758,665	1,530,641
Total	1,758,665	1,530,641

Fair value of unbilled trade receivables corresponds to the same business amounts net of the related allowance for doubtful accounts.

(d) Other financial assets

(a) As of December 31, 2019 and 2018, other current financial assets are as follows:

(ThCh\$)

	As at December 31, 2019	As at December 31, 2018
Accrued interest on loans to related companies	541,296	631,792
Cash advances and loans to employees	38,760	73,157
Other financial assets	4,358	145,993
Total	584,414	850,942

Notes to the Separate Financial Statements

(b) As of December 31, 2019 and 2018, other non-current financial assets are detailed as follows:

	(ThCh\$)	
	December 31, 2019	As at December 31, 2018
Loans to related companies	788,288	8,154,060
Total	788,288	8,154,060

Loans granted to related parties have on-demand maturities and annual simple interest rate between 4% and 6%.

(c) Reconciliation of changes in liabilities to cash flows from financing activities:

	(ThCh\$)		
	Cash flow		
	Increases	Payments	Total
Financial obligations			
Bond debt	-	-	-
Total other financial liabilities	-	-	-
Other financial assets			
Collection of loans from related parties	6,019,383	-	6,019,383
Loans granted to related parties	-	(262,763)	(262,763)
Payment of lease liabilities	-	(757,340)	(757,340)
Total other financial assets	6,019,383	(1,020,103)	4,999,280
Equity instruments			
Dividends	-	(8,483,875)	(8,483,875)
Share capital / premium	-	-	-
Total equity instruments	-	(8,483,875)	(8,483,875)
Total changes in cash flows from financing activities	-	-	(3,484,595)

	Changes other than cash					Closing balance
	Interests	Adjustments	Amortization	Changes in fair value	Total	As at December 31, 2019
	-	-	-	(6,457)	(1,041,621)	-
	-	-	-	(6,457)	-	-
	-	-	-	-	-	6,019,383
	-	-	-	-	-	(262,763)
	-	-	-	-	-	(757,340)
	-	-	-	-	-	4,999,280
	-	-	-	-	-	(8,483,875)
	-	-	-	-	-	-
	-	-	-	-	-	(8,483,875)
	-	-	-	-	-	(3,484,595)

Notes to the Separate Financial Statements

	Cash flow			Changes other than cash					Closing balance
	Increases	Payments	Total	Interests	Adjustments	Amortization	Changes in fair value	Total	As at December 31, 2018
Financial obligations									
Bond debt	-	-	-	-	-	-	-	-	-
Total other financial liabilities	-	-	-	-	-	-	-	-	-
Other financial assets									
Collection of loans from related companies	6,196,625	-	6,196,625	-	-	-	-	-	6,196,625
Loans granted to related companies	-	-	-	-	-	-	-	-	-
Total Other financial assets	6,196,625	-	6,196,625	-	-	-	-	-	6,196,625
Equity instruments									
Dividends	-	(9,739,116)	(9,739,116)	-	-	-	-	-	(9,739,116)
Share capital / premium	-	-	-	-	-	-	-	-	-
Total equity instruments	-	(9,739,116)	(9,739,116)	-	-	-	-	-	(9,739,116)
Total changes in cash flows from financing activities	-	-	(3,542,491)	-	-	-	-	-	(3,542,491)

(e) Trade payables

As of December 31, 2019 and 2018, trade and other payables are detailed as follows:

	Current	
	As at December 31, 2019	As at December 31, 2018
Trade payables	1,810,019	1,332,620
Payables due to related parties	469,931	267,599
Other payables	6,191	9,486
Total	2,286,141	1,609,705

Notes to the Separate Financial Statements

(f) Other financial liabilities

As of December 31, 2019 and 2018, other current financial liabilities are detailed as follows:

(ThCh\$)

Current	
As at December 31, 2019	As at December 31, 2018
Liabilities for contracts with customers	593,423
Other employee benefits	318,720
Total	912,143

(g) Other non-financial liabilities

As of December 31, 2019 and 2018, other current non-financial liabilities are detailed as follows:

(ThCh\$)

Current	
As at December 31, 2019	As at December 31, 2018
Employee withholdings	442,945
Payroll tax withholdings	104,395
VAT fiscal debit, net	501,940
Other payables	-
Total	1,049,281

(h) Equity disclosures

Subscribed, fully-paid capital and number of shares

As of December 31, 2019, the Company's share capital is composed of the following:

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

(ThCh\$)

Series	Subscribed capital	Paid-in capital
Single	16,997,134	16,997,134

Capital management is intended to maximize the value for the shareholders, safeguard business continuity, and support the Company's growth. The Company determines capital requirements based on annual operating plans, long-term investment plans and other strategic investment plans. Financing requirements are met through capital and cash flows from operating activities generated. The Company is not subject to any capital requirement imposed externally.

Notes to the Separate Financial Statements

(i) Financial assets and financial liabilities

As of December 31, 2019, the carrying amount of financial instruments by category is as follows:

(ThCh\$)

	Amortized cost	Total carrying amount
Financial Assets		
Cash and cash equivalents	4,935,997	4,935,997
Trade and other receivables	4,723,421	4,723,421
Accrued, unbilled revenue	1,758,665	1,758,665
Other current financial assets	715,795	715,795
Other non-current financial assets	656,907	656,907
Total	12,790,785	12,133,878
Financial Liabilities		
Trade payables	2,286,141	2,286,141
Other financial liabilities	392,055	392,055
Total	2,678,196	2,678,196

As of December 31, 2018, the carrying amount of financial instruments by category is detailed as follows:

(ThCh\$)

	Amortized cost	Total carrying amount
Financial Assets		
Cash and cash equivalents	5,989,944	5,989,944
Trade and other receivables	5,037,035	5,037,035
Accrued, unbilled revenue	1,530,641	1,530,641
Other current financial assets	850,942	850,942
Total	21,562,622	21,562,622
Financial Liabilities		
Trade payables	1,609,705	1,609,705
Other financial liabilities	912,143	912,143
Total	2,521,848	2,521,848

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables (prior year: unbilled revenue), and trade payables as of December 31, 2019 and 2018, approximate their fair value. The difference between carrying amounts and fair values of bank deposits, cash in banks, other financial assets, other financial liabilities and subsequent loans measured at amortized cost is not significant for each period presented.

Fair value hierarchy

Fair value hierarchy is based on valuation techniques used to measure the fair value of observable and unobservable inputs, and includes the following three levels:

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

Level 2: inputs 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 for the asset or liability that are not based on observable market data (unobservable inputs). Fair values are determined totally or in part using a valuation model based on assumptions that are not supported by market transaction prices currently observable in the same instrument or based on available market data.

Notes to the Separate Financial Statements

(j) Financial risk management

The Company is mainly exposed to variations in foreign exchange rates, credit, liquidity and interest rate risks that may negatively affect the fair value of its financial instruments. The Company has a risk management policy that covers the risks associated with financial assets and financial liabilities. The risk management policy is approved by the Board of Directors. The approach applied by the risk management committee is to assess the unforeseeability of the financial environment and mitigate the potential negative effects on the Company's financial performance.

(i) Market risk

The Company is exposed to market risk related to the risk of fluctuations in the fair value or future cash flows from a financial instrument because of changes in market prices. Such changes in the value of financial instruments may arise from movements in foreign currency exchange rates, interest rate, credit, liquidity and other changes in the market. The exposure to market risk relates mainly to the currency risk.

(ii) Currency risk

The fluctuation of foreign currency exchange rate differences may have a potential effect in the statement of profit or loss and other comprehensive income, where any transaction refers to one or more currencies when assets / liabilities are denominated in a currency that is different from the entity's functional currency.

Considering the economic environment of the country in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in such country. The risks mainly relate to the fluctuations in U.S. dollar against the Company's functional currency.

The exchange rate sensitivity is calculated by adding the net exposure to currency risk and a simultaneous change of parallel exchange rates of all currencies by 10% compared to the Company's functional currency.

The analysis below has been prepared based on the Company's net exposure at the reporting date that may affect the statement of profit or loss and other comprehensive income.

As of December 31, 2019, the information related to the exposure to the currency risk is detailed as follows:

	(ThCh\$)			
2019	US\$	FC	UF	EUR
Financial assets, net	2,699,985	75,545	1,902,202	-
Financial liabilities, net	466,324	64	16,511	14,143

The appreciation / depreciation of 10% of related foreign currencies with respect to the functional currency of the Company would result in a decrease / increase in profit before taxes of approximately ThCh\$ 418 for the year ended December 31, 2019.

As of December 31, 2018, the information related to the exposure to currency risk is as follows:

	(ThCh\$)		
2018	US\$	MXN	UF
Financial assets, net	11,994,681	145,287	1,222,484
Financial liabilities, net	493,387	4,791	374,044

The appreciation / depreciation of 10% of related foreign currencies with respect to the functional currency of the Company would result in a decrease / increase in profit before taxes of approximately ThCh\$ 1,201 for the year ended December 31, 2018.

(iii) Interest rate risk

The Company is not exposed to interest rate risk.

(iv) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual terms or obligations. Credit risk includes the direct risk of default and impairment of credit quality,

Notes to the Separate Financial Statements

as well as the concentration of risks. Credit risk is controlled by the analysis of credit limits and the credit capability of customers on an ongoing basis that have been obtained the credit after receiving the authorizations required.

Financial instruments subject to concentrations of credit risk include mainly trade receivables, unbilled revenue, investments, cash and cash equivalents, bank deposits and other financial assets. As of December 31, 2019, cash and cash equivalents include ThCh\$4,936,997 held in a bank located in Chile with a high quality credit rating exceeding individually 10% or more of the Company's total cash and cash equivalents. None of the Company's other financial instruments result in a significant concentration of credit risk.

Exposure to liquidity risk

The carrying amount of financial assets represents the maximum credit exposure. As of December 31, 2019 and 2018, the maximum credit exposure amounted to ThCh\$12,791 and ThCh\$21,563, respectively, which corresponds to total carrying amount of cash in banks, bank deposits, trade receivables, unbilled revenue, other financial assets and investments.

Trade receivables and contract assets

The exposure to credit risk with respect to trade receivables and contract assets is mainly influenced by individual features of each customer in connection with the practices in the industry and the economic environment in which they operate. The entity limits its exposure to credit risk of trade receivables by establishing a maximum payment period of 272 days for its customers. Subsequent to this, the customers are at default (impaired loan). To manage this risk, the Company has a strong credit management process. The Company has adopted a policy to engage operations only with solvent counterparties. The counterparties' exposure is monitored on a regular basis, and changes to the credit conditions are made as required. The carrying amount of financial assets represents the maximum credit exposure. The Company has derecognized no customer balances, and only a few balances have impaired at the reporting date.

As of December 31, 2019 and 2018, the Company's exposure to customer is diversified; however, certain customers concentrate more than 10% of trade receivables and unbilled revenue:

	As at December 31, 2019		As at December 31, 2018	
	Total receivables and provisions for revenue (ThCh\$)	%	Total receivables and provisions for revenue (ThCh\$)	%
Customer A	746,242	9%	1,265,012	19%
Customer B	571,354	7%	815,120	12%

Geographical concentration of credit risk

The geographical concentration of trade receivables (gross and net of provisions) and unbilled revenue are detailed as follows:

	As at December 31, 2019	As at December 31, 2018
Geographic concentration of credit risk		
Ibero-America	98%	97%
Other	2%	3%

Geographical concentration of trade receivables and unbilled revenue are assigned by the customer location.

The Company uses a provision matrix to measure the expected credit loss from receivables from customers.

Notes to the Separate Financial Statements

The expected credit loss is based on credit maturity dates and is detailed as follows:

	Weighted average loss rate	Carrying amount, gross	Income/loss	Impaired loan
December 31, 2019		(ThCh\$)	(ThCh\$)	
Current	0.00%	3,866	-	No
1-90	0.00%	608	-	No
91-180	0.00%	24	-	No
181-272	0.00%	5	-	No
>273	100.00%	-	-	Yes
December 31, 2018				
Current	0.00%	3,215		No
1-90	0.00%	1,277		No
91-180	0.00%	-		No
181-272	0.00%	-		No
>273	100.00%	-		Yes

* The gross carrying amount excludes intercompany receivables

(v) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations. Liquidity risk management is intended to maintain sufficient liquidity and ensure that funds are available for use as per the requirements.

On a regular basis, the Company generated sufficient cash flows from operations to meet its financial obligations as they mature.

The Company addresses no significant liquidity risk related to its lease liabilities, because current assets are sufficient to comply with obligations related to lease liabilities when they mature.

The detail of the contractual maturities of significant financial liabilities is included in the tables below.

(ThCh\$)

	Expired in 1st year	Expired in 2nd year	Expired between the 3rd and 5th year	Expired more than the 5th year	Total
2019					
Non-derivative financial liabilities:					
Trade payables	2,286,141	-	-	-	2,286,141
Lease liabilities	939,442	939,442	2,314,699	651,655	4,845,239
Other financial liabilities	392,055	-	-	-	392,055
Total	3,617,638	939,442.12	2,314,699	651,655.28	7,523,435

Notes to the Separate Financial Statements

(ThCh\$)

2018

Non-derivative financial liabilities:

Trade payables

1,609,705

-

-

-

1,609,705

Other financial liabilities

912,143

-

-

-

912,143

Total

2,521,848

-

-

-

2,521,848

5 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

(a) Balances and transactions with related parties

(i) Receivables

(ThCh\$)

Taxpayer ID No.	Company	Relationship	Current	
			As at December 31, 2019	As at December 31, 2018
77.879.360-1	TCS Inversiones Chile Ltda.	Parent	-	4,666
Foreign	MGDC SC	Shareholders	-	3,110
Foreign	Tata Consultancy Services de Mexico S.A. de CV	Common shareholders	64,313	143,480
Foreign	Tata Consultancy Services Sucursal del Perú	Branch	-	35,013
Foreign	Tata Consultancy Services Limited (India)	Ultimate Parent	156,319	187,138
Total			220,632	463,498

(ii) Payables

(ThCh\$)

Taxpayer ID No	Company	Relationship	Current	
			As at December 31, 2019	As at December 31, 2018
Foreign	Tata Consultancy Services Limited	Ultimate Parent	794,074	106,343
77.879.360-1	TCS Inversiones Chile Ltda	Parent	74,872	62,663
Foreign	Tata Consultancy Services de México S.A. de CV	Common shareholders	-	2,983
Foreign	MGDC S.A.	Common shareholders	2,290	346
Foreign	Tata America	Common shareholders	-	11,059
Foreign	Tata Sons	Common shareholders	189,799	87,188
Foreign	Tata Consultancy Services Sucursal del Perú	Branch	739	-
Total			1,061,775	270,582

Notes to the Separate Financial Statements

(iii) Loans receivable:

(ThCh\$)

Taxpayer ID No	Civil Society	Relationship	Current		Non - current assets	
			As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
77.879.360-1	TCS Inversiones Chile Ltda.	Parent	-	-	525,526	832,755
Foreign	Tata Consultancy Services Sucursal del Perú	Branch	131,381	393,389	131,381	951,451
Foreign	TCS Iberoamerica S.A.	Common shareholders	-	-	-	5,933,380
Totals			131,381	393,389	656,908	7,717,586

(iv) Interest payable

(ThCh\$)

Taxpayer ID No	Civil Society	Relationship	Current		Non - current assets	
			As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
77.879.360-1	TCS Inversiones Chile Ltda.	Parent	11,094	4,244	-	-
Foreign	Tata Consultancy Services Sucursal del Perú	Branch	530,202	90,091	-	436,474
Totals			541,296	94,335	-	436,474

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.

For 2019, current receivables mainly relate to trade receivables of ThCh\$220,632 (services rendered), other current financial assets of ThCh\$672,677 (loans and interests) while for 2018 this item mainly relates to trade receivables of ThCh\$369,163 (services rendered), other current financial assets of ThCh\$487,724 (loans and interests).

Non-current receivables relate to other non-current financial assets of ThCh\$656,908 and ThCh\$8,154,060 for 2019 and 2018, respectively (loans and interests).

(b) Significant transactions and their effect on profit or loss

			Year ended December 31, 2019		Year ended December 31, 2018	
Company	Relationship	Transation description	Amount	Credit/(debit) to profit or loss	Amount	Credit/ (debit) to profit or loss
Tata Consultancy Services Limited	Ultimate Parent	Purchase of services	178,846	(178,846)	247,420	(247,420)
		Expense reimbursement	247,744	(247,744)	265,841	(265,841)
		Overhead services	707,392	(707,392)	768,860	(768,860)
		Services provided	1,558,792	1,558,792	264,262	264,262

Notes to the Separate Financial Statements

			Year ended December 31, 2019		Year ended December 31, 2018	
Company	Relationship	Transation description	Amount	Credit/(debit) to profit or loss	Amount	Credit/ (debit) to profit or loss
TCS Inversiones Chile Ltda	Parent	Loan repayment	355,610	-	400,000	-
		Interest income	44,038	(44,038)	68,756	(68,756)
		Overhead services	289,168	289,168	242,778	242,778
		Expense reimbursement	(180)	(180)	69,211	(69,211)
		Dividends paid	8,483,855	-	9,739,092	-
TCS Iberoamerica S.A.		Collection of loans	5,663,773	-	4,247,927	-
		Interest income	34,483	34,483	274,800	274,800
		Dividends paid	20	-	24	-
Tata Solution Center S.A. (Ecuador)	Subsidiary	Dividends received	-	-	2,664,348	2,664,348
Tata Consultancy Services Sucursal del Perú	Subsidiary	Capitalization of loan	1,344,840	-	-	-
		Loans granted	262,763	-	-	-
		Interest income	6,385	6,385	77,217	77,217
		Recovery of expenses	643	(643)	-	-
Tata Sons	Common shareholders	Use of brand	102,611	(102,611)	87,188	(87,188)
Tata Consultancy Services Brasil S.A.	Common shareholders	Interest income	-	-	2,217	2,217
		Loan repayment	-	-	356,838	-
		Recovery of expenses	777	(777)	-	-
TCS Solution Center S.A.	Common shareholders	Interest income	-	-	9,804	9,804
		Loan repayment	-	-	1,191,860	-
MGDC SC	Common shareholders	Recovery of expenses	2,822	(2,822)	301	(301)
Tata America S.A.	Common shareholders	IT Services	-	-	23,541	23,541
		Recovery of expenses	-	-	10,542	(10,542)

6 INCOME TAX ASSETS (NET)

(a) As of December 31, 2019 and 2018, current tax assets are as follows:

(ThCh\$)

Monthly provisional income tax payments

Credit for training expenses

Loan for subsidiary in Peru

Provision for income tax (40%)

Total

As at December 31, 2019	As at December 31, 2018
360,785	276,990
94,693	-
137,530	-
(48,752)	(18,822)
544,256	258,168

Notes to the Separate Financial Statements

(b) As of December 31, 2019 and 2018, non-current tax assets are as follows:

	(ThCh\$)
	As at December 31, 2019
	As at December 31, 2018
Remaining balance from prior year*	2,170,522
Total	2,170,522

(*) The remaining balance corresponds to dividends received from Ecuador in 2016, 2017 and 2019, in addition to monthly provisional income tax payments pending refund.

7 NON-FINANCIAL ASSETS AND LIABILITIES

(A) Furniture and equipment

The cost of items of furniture 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 are incurred. Note that certain items of furniture 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 as an increase in 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.

Depreciation

Items of furniture 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 furniture and equipment are reviewed on an annual basis, and depreciation starts when assets are brought to working condition for their intended use.

The main items of property, plant and their related useful lives are shown below:

	Useful life (years)
Furniture and fixtures	5
Machinery and computer equipment	4
Electrical and air conditioning equipment	10
Storage facilities	10

Land is recognized separately from the buildings or facilities that may stand on them, it has an indefinite life and, accordingly, it is not depreciated.

Tata Consultancy Services Chile S.A., at least annually, assesses the existence of a possible impairment of assets in furniture and equipment. Any reversal of the impairment loss is recognized in profit or loss, where applicable.

Impairment

Furniture and equipment with a limited useful life are assessed to recover them as long as there is any indication that their carrying amount may not be recoverable. Should such indication exist, the recoverable amount (i.e. the higher of its fair value less costs to sell and its value in use) is determined based on an individual asset, unless such asset generates no

Notes to the Separate Financial Statements

cash inflows that are largely independent 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 lower than its carrying amount, then the asset's carrying amount (or CGU) is reduced to its recoverable amount. Impairment losses are recognized in profit or loss.

(a) Detail

The detail by class of furniture and equipment at each year-end, net and gross, is as follows:

Classes of furniture and equipment, net	(ThCh\$)	
	As at December 31, 2019	As at December 31, 2018
IT equipment	404,832	388,915
Office equipment	73,650	87,372
Assets under construction	58,651	20,303
Furniture and fixtures	70,808	46,026
Machinery	105,089	143,695
Electrical installations	25,301	29,696
Leasehold improvements	-	-
Total furniture and equipment, net	738,331	716,007

Classes of property, plant and equipment, gross:	(ThCh\$)	
	As at December 31, 2019	As at December 31, 2018
IT equipment	6,532,120	6,297,478
Office equipment	805,054	785,772
Assets under construction	58,651	20,303
Furniture and fixtures	603,983	557,510
Machinery	2,099,365	2,099,366
Electrical installations	176,748	167,534
Leasehold improvements	827,984	827,984
Total furniture and equipment, gross	11,103,905	10,755,947

The detail by class of furniture and equipment at each year-end, net and gross, is as follows:

Types of accumulated depreciation and impairment of furniture and equipment	(ThCh\$)	
	As at December 31, 2019	As at December 31, 2018
IT equipment	(6,127,288)	(5,908,563)
Office equipment	(731,404)	(698,400)
Furniture and fixtures	(533,175)	(511,484)
Machinery	(1,994,276)	(1,955,671)
Electrical installations	(151,447)	(137,838)
Leasehold improvements	(827,984)	(827,984)
Total accumulated depreciation and impairment of furniture and equipment	(10,365,574)	(10,039,940)

Notes to the Separate Financial Statements

(b) Movements

Accounting movements in net furniture and equipment for the years ended December 31, 2019 and 2018 are as follows:

(ThCh\$)

	IT equipment	Office equipment	Assets under construction	Furniture and fixture	Machinery	Electrical installations	Improvements in leased property	Property, plant and equipment, net
Opening balance as of January 1, 2019 (net of accumulated depreciation)	388,915	87,372	20,303	46,026	143,695	29,696	-	716,007
Acquisitions	234,642	22,073	38,348	43,683	-	9,214	-	347,960
Sales and disposals	-	-	-	-	-	-	-	-
Depreciation expense	(218,725)	(32,892)	-	(21,804)	(38,606)	(13,609)	-	(325,636)
Other increases/ (decreases)	-	(2,903)	-	2,903	-	-	-	-
Net property, plant and equipment as of December 31, 2019	404,832	73,650	58,651	70,808	105,089	25,301	-	738,331
Total net property, plant and equipment as of December 31, 2019	404,832	73,650	58,651	70,808	105,089	25,301	-	738,331
Opening balance as of January 1, 2018 (net of accumulated depreciation)	513,073	101,763	35,197	31,402	190,902	44,446	21,257	938,040
Acquisitions	134,072	15,544	(14,894)	34,169	-	-	-	168,891
Sales and disposals	(265)	-	-	-	-	-	-	(265)
Depreciation expense	(257,965)	(29,935)	-	(19,545)	(47,207)	(14,750)	(21,257)	(390,659)
Other increases/ (decreases)	-	-	-	-	-	-	-	-
Net property, plant and equipment as of December 31, 2018	388,915	87,372	20,303	46,026	143,695	29,696	-	716,007
Total net property, plant and equipment as of December 31, 2018	388,915	87,372	20,303	46,026	143,695	29,696	-	716,007

The total depreciation expense for 2019 and 2018 amounts to ThCh\$325,636 and ThCh\$390,659, respectively, and is classified within the caption Depreciation expense in the separate statements of comprehensive income per nature.

Notes to the Separate Financial Statements

Accounting movements in gross furniture and equipment for the years ended December 31, 2019 and 2018 are as follows:
(ThCh\$)

	IT Equipment	Office equipment	Assets under construction	Furniture and fixtures	Machinery	Electrical installations	Improvements in leased properties	Property, plant and equipment, net
Opening balance as of January 1, 2019	6,297,478	785,772	20,303	557,510	2,099,366	167,534	827,984	10,755,947
Acquisitions	234,642	22,073	38,348	43,683	-	9,214	-	347,960
Sales and disposals	-	112	-	(113)	(1)	-	-	(2)
Depreciation expense	-	-	-	-	-	-	-	-
Other increases/(decreases)	-	(2,903)	-	2,903	-	-	-	-
Total net property, plant and equipment as of December 31, 2019	6,532,120	805,054	58,651	603,983	2,099,365	176,748	827,984	11,103,905
Opening balance as of January 1, 2018	6,171,521	770,228	35,197	523,341	2,099,366	167,534	827,984	10,595,171
Acquisitions	134,072	15,544	(14,894)	34,169	-	-	-	168,891
Sales and disposals	(8,115)	-	-	-	-	-	-	(8,115)
Depreciation expense	-	-	-	0	(0)	-	-	0
Other increases/(decreases)	-	-	-	-	-	-	-	-
Total net property, plant and equipment as of December 31, 2018	6,297,478	785,773	20,303	557,510	2,099,366	167,534	827,984	10,755,948

Accounting movements in accumulated depreciation of net furniture and equipment, for the years ended December 31, 2019 and 2018 are as follows:

(ThCh\$)

IT equipment	IT Equipment	Office equipment	Furniture and fixtures	Machinery	Electrical installations	Improvements in leased properties	Property, plant and equipment, net
Opening balance of accumulated depreciation as of January 1, 2019	5,908,563	698,400	511,484	1,955,671	137,838	827,984	10,039,940
Acquisitions	-	-	-	-	-	-	-
Sales and disposals	-	112	(113)	(1)	-	-	(2)
Depreciation expense	218,725	32,892	21,804	38,606	13,609	-	325,636
Other increases/(decreases)	-	-	-	-	-	-	-
Net accumulated depreciation as of December 31, 2019	6,127,288	731,404	533,175	1,994,276	151,447	827,984	10,365,574

Notes to the Separate Financial Statements

(ThCh\$)

IT equipment	IT Equipment	Office equipment	Furniture and fixtures	Machinery	Electrical installations	Improvements in leased properties	Property, plant and equipment, net
Opening balance of accumulated depreciation as of January 1, 2018	5,658,448	668,465	491,939	1,908,464	123,088	806,727	9,657,131
Acquisitions	-	-	-	-	-	-	-
Sales and disposals	(7,850)	-	-	-	-	-	(7,850)
Depreciation expense	257,965	29,935	19,545	47,207	14,750	21,257	390,659
Other increases/(decreases)	-	-	-	-	-	-	-
Net accumulated depreciation as of December 31, 2018	5,908,563	698,400	511,484	1,955,671	137,838	827,984	10,039,940

(c) Additional information

(i) Insurance

The Company has entered into insurance policies to cover the possible risks to which the different elements of furniture 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

TCS records properties and equipment leased under operating lease agreements. Most lease agreements include renewal and escalation clauses. Rental expenses from operating leases amounted to MCh\$ 49 and MCh\$ 970,6 in fiscal years 2019 and 2018, respectively.

Below there is a summary of future minimum lease rental commitments for operating leases:

2019					
Supplier	Concept	UF value annual	Beginning date	Completion date	Contract clauses
Sociedad Inmobiliaria Araya Gomez y Cia.	Lease of property of Associated in Concepción	90	10-01-2018	03-30-2020	Automatically renewable for a 1-year period.
Sociedad Lautaro Rios e hijos Ltda.	Lease of property of Associated in Valparaíso	960	12-02-2019	12-02-2020	Automatically renewable for a 1-year period.
Daniel Otero Valencia	Lease of property of Associated in Profesora Amanda Labarca N°96 Depto. 22	93	05-15-2019	03-14-2020	Automatically renewable for a 1-year period.

Notes to the Separate Financial Statements

2018					
Supplier	Concept	UF value annual	Beginning date	Completion date	Contract clauses
Bello Monte S.A.	Lease of property (Corporate Building) in Curicó 18 - Santiago	23,640	11-22-2017	12-31-2025	Automatically renewable for 5-year periods.
Orinoco Inmobiliaria Ltda.	Lease of property of Associated in Buin - Metropolitan Region	10,440	04-01-2018	03-31-2023	Automatically renewable for 5-year periods.
Sociedad Inmobiliaria Araya Gomez y Cia.	Lease of property of Associated in Concepción	360	10-01-2019	09-30-2020	Automatically renewable for a 1-year period.
Sociedad Lautaro Rios e hijos Ltda.	Lease of property of Associated in Valparaíso	960	12-02-2018	12-02-2019	Automatically renewable for a 1-year period.
Daniel Otero Valencia	Lease of property of Associated in Profesora Amanda Labarca N°96 Depto. 22	372	05-15-2019	05-14-2020	Automatically renewable for a 1-year period.
Bello Monte S.A.	Lease of property (Corporate Building) in Curicó 18 - Santiago		11-22-2017	12-31-2025	Automatically renewable for 5-year periods.
Orinoco Inmobiliaria Ltda.	Lease of property of Associated in Buin - Metropolitan Region		04-01-2018	03-31-2023	Automatically renewable for 5-year periods.

Future commitments are as follows:

(ThCh\$)

Lease of property

Up to 1 year

Between 1 and 5 years

Over 5 years

As at December 31, 2019	As at December 31, 2018
32,358	974,249
-	3,538,160
-	1,301,924
32,358	5,814,333

(B) 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.

Impairment

CGU to which goodwill has been allocated is analyzed on an annual basis for any indicators of impairment, or more frequently if such indicators exist. If the recoverable amount of a CGU is lower than its carrying amount, impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Notes to the Separate Financial Statements

Relates to goodwill generated as a result of the acquisition of Comicro S.A. in 2005.

(ThCh\$)

Taxpayer ID No.	Company	As at	As at
		December 31, 2019	December 31, 2018
86.345.600-2	Tata Consultancy Services BPO Chile S.A. (formerly - Comicro 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 Comicro 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 Comicro S.A. included price adjustment provisions subject to the compliance with certain financial ratios until 2010, which were part of the final determination of the price paid and goodwill.

As of December 31, 2019 and 2018, 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 8.63%. 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.

(C) Other non-current assets

As of December 31, 2019 and 2018, other non-current assets are detailed as follows:

(ThCh\$)

	As at	As at
	December 31, 2019	December 31, 2018
Security deposit	12,042	12,042
Contract assets	20,929	-
Total	32,971	12,042

(D) Other current assets

As of December 31, 2019 and 2018, other current assets are detailed as follows:

(ThCh\$)

	As at	As at
	December 31, 2019	December 31, 2018
Prepayments	182,030	84,910
Contract assets	1,711,965	389,164
Total	1,893,994	474,074

* [The amount of ThCh\$1,066 has been debited to Profit or loss during 2019 related to the cost of complying with the contract]

Notes to the Separate Financial Statements

The movement in contract assets is as follows:

	(ThCh\$)
	Amount
Opening balance as of December 31, 2018	389,164
Plus: Revenue recognized during the year	3,517,137
Less: Invoice identified during the year	(2,180,855)
Plus / Less	(13,481)
Closing balance as of December 31, 2019	1,711,965

8 LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component based on the stand-alone price related to the lease component and the aggregate stand-alone price of non-lease components.

The Company recognizes the right-of-use asset that represents its right to use the underlying asset during the lease term on the commencement date of the lease. The cost of the right-of-use asset measured at inception shall comprise the amount of the initial measurement of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are subsequently measured at cost less any accumulated depreciation or accumulated impairment losses, if any, and are adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated using the straight-line method starting from the commencement date over the shorter of the lease term or the useful life of the right-of-use asset. Estimated useful lives of right-of-use assets are determined on the same basis as those of furniture and equipment. Right-of-use assets are tested for impairment when there is evidence that the carrying amount may not be recoverable. Impairment losses, if any, are recognized in profit or loss.

The Company shall measure the lease liability at the present value of lease payments that are not paid at the commencement date of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If this rate cannot be readily determined, the Company shall use its incremental borrowing rate. For leases with reasonably similar characteristics, the Company may adopt, on a lease-by-lease basis, the incremental borrowing rate specific for the lease or the incremental borrowing rate for the portfolio as a whole. Lease payments will include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option if the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognizes the amount of the remeasurement of the lease liability due to the modification as an adjustment to the right-of-use asset and profit or loss, depending on the nature of the modification. When the carrying amount of the right-of-use asset is reduced to zero and there is further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Transition to IFRS 16

In January 2016, the International Accounting Standards Board issued IFRS 16, Leases, that is effective for annual periods beginning on or after January 1, 2019. IFRS 16 has replaced IAS 17 Leases, and its related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. This standard introduces a single model of accounting for leases in the balance for lessees.

Notes to the Separate Financial Statements

The Company adopted IFRS 16 for the annual reporting period beginning on January 1, 2019 and applied the standard to its leases retrospectively recognizing the cumulative effect of initially applying the standard on the date of initial application. (January 1, 2019). Accordingly, the Company has not restated the comparative information, but instead the cumulative effect of initially applying this standard has been recognized as an adjustment to the initial balance of retained earnings as of January 1, 2019.

As a lessee

Operating leases

For the transition, the Company has elected not to apply the requirement of IFRS 16 to leases maturing within 12 months subsequent to the transition date for class of asset and leases for which the underlying asset is a low value asset on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying IFRS 16 to leases previously classified as operating leases in accordance with IAS 17. Accordingly, the Company has not reassessed whether a contract is, or contains, a lease.

At the time of initial application, when the Company performed its assessment of whether leases are onerous, applying IAS 37 immediately before the initial application date as an alternative to the performance of an impairment review, it excluded the initial direct costs of measuring the right-of-use asset in the initial application date and used insight when determining the lease term if the contract has options to extend or terminate the contract. The Company has used a single discount rate for a lease portfolio with similar characteristics.

In the transition, the Company recognized a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognized at its carrying amount as if the standard had been applied since the commencement date, but it is discounted using the lessee's incremental borrowing rate as of January 1, 2019. Accordingly, a right-of-use asset has been recognized for MCh\$5,038 and a lease liability for MCh\$5,132. The cumulative effect in the transition of retained earnings net of taxes is MCh\$69 (including the deferred tax of MCh\$26). The main portion of lease payments has been disclosed under cash flows from financing activities. Lease payments for operating leases in accordance with IAS 17 - Leases, were previously reported as cash flows from financing activities. The weighted average incremental interest rate of 3.87% has been applied to lease liabilities recognized in the statement of financial position on the date of initial application.

In the application of IFRS 16, the nature of expenses has changed from the lease rental in the prior periods to the depreciation cost of the right-of-use asset, and the finance cost of interests accrued by the lease liability.

The difference between future minimum lease commitments under non-cancellable operating leases and finance leases reported at 31 December 2018 compared to the lease liability recorded at 1 January 2019 is primarily due to the inclusion of the present value of the lease payments for the cancellable term of the leases, the reduction due to the discount of lease payments as required by IFRS 16 and the exclusion of commitments for leases to which the Company has elected to apply the practical expedient as per the standard.

Right-of-use assets owned by the Company are detailed as follows:

(ThCh\$)

	Acquisitions for 2019	Net carrying amount for 2019
Leased land	-	-
Buildings	-	4,214,819
Leasehold improvements	-	-
Computer equipment	-	-
Furniture, fixtures, office equipment and other assets	-	-
Total	-	4,214,819

Notes to the Separate Financial Statements

The depreciation of the right-of-use asset is as follows:

	(ThCh\$)
	As of December 31, 2019
Leased land	-
Buildings	822,863
Leasehold improvements	-
Computer equipment	-
Furniture, fixtures, office equipment and other assets	-
Total	822,863

Amounts recognized in the statement of profit or loss

	(ThCh\$)
	Year ended December 31, 2019
Depreciation	822,863
Interest on the lease liability	182,102
Expenses related to short-term leases and leases of	48,736
Income from subleases of right-of-use assets	-

Amounts recognized in the statement of cash flows

	(ThCh\$)
	Year ended December 31, 2019
Total cash outflows for leases	988,178

Lease contracts entered into by the Company are mainly related to leased buildings to perform its business in the normal course. The Company has no lease and commitment restrictions with equity securities under the contract.

Supplier	Currency	Rate	Beginning date	Termination date	Nominal value	Carrying amount
Bello Monte	Ch\$	3.89%	Nov-17	Dec-25	3,909,932	3,493,443
Orinoco 150	Ch\$	3.78%	Apr-18	Mar-23	161,260	152,001
Orinoco 720	Ch\$	3.78%	Apr-18	Mar-23	774,047	729,605
Total					4,845,239	4,375,049

9 INCOME TAX AND DEFERRED TAXES

Income tax expense comprises the current income tax expense and net variation in the deferred income tax asset or liability during the year. Current taxes and deferred taxes are recognized in profit or loss, except when they relate to items recognized in other comprehensive income or directly recognized in equity, in which case they are also recognized in other comprehensive income or directly in equity, respectively.

Current income taxes

Current income tax is based on the tax profit for the year, and is calculated using the tax rates enacted at the reporting

Notes to the Separate Financial Statements

date.

Prepaid taxes and current income tax provisions are recognized in the statement of financial position upon offsetting such prepaid taxes and income tax provisions generated from the same tax jurisdiction and where the relevant tax payment unit is aimed at settling the asset and liability on a net tax basis.

Deferred taxes

The Company recognizes deferred taxes using the statement of position method. Deferred taxes are obtained from 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 substantially enacted tax rates or rates expected to be applied on taxable income in the years the Company expects to receive them or the temporary differences are settled. Deferred tax assets and liabilities are offset when they relate to the income taxes collected by the same tax authority and the relevant company intends to settle its assets and liabilities on a net tax basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and discounted to the extent that it is not probable that sufficient taxable profit will be available to allow the use of a portion or all that deferred tax asset.

(a) Income tax recognized in profit or loss for the year

(ThCh\$)

Income tax benefit (expense)

Adjustment to prior period current tax

Other current tax income/(expense)

Current tax expense

Deferred tax income/expense related to the generation and reversal of temporary differences for current tax

Deferred tax income/(expense)

Total

For the year ended December 31, 2019	For the year ended December 31, 2018
(54,748)	968,588
(838,513)	(177,305)
(893,261)	791,283
245,789	(51,270)
(647,472)	740,013

(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

Profit before tax

Effective tax rate

Tax expense using the legal rate

Income with tax credit from foreign source

Adjustment of prior year tax determination

Other

Tax income using the effective rate

Year ended December 31, 2019	%	Year ended December 31, 2018	%
1,906,896		3,495,543	
27.0%		27.0%	
(514,862)	-27%	(943,797)	-27%
137,529	7%	751,483	21%
(54,748)	-3%	968,588	28%
(215,391)	-11%	(36,261)	-1%
(647,472)	-34%	740,013	21%

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.

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 the commercial year 2017.

Notes to the Separate Financial Statements

(c) Deferred taxes

As of December 31, 2019 and 2018, the detail of accumulated balances of deferred tax assets and liabilities is as follows:

(ThCh\$)

Recognized deferred tax assets related to:

Accrued vacations

Adoption of IFRS 16

Other

Total deferred taxes

Recognized deferred tax liabilities related to

Furniture and equipment

Net amount

	As at December 31, 2019	As at December 31, 2018
Accrued vacations	445,440	387,566
Adoption of IFRS 16	43,262	-
Other	393,677	240,314
Total deferred taxes	882,379	627,880
Recognized deferred tax liabilities related to		
Furniture and equipment	(104,167)	(121,028)
Net amount	778,212	506,852

(d) Movements in deferred taxes

As of December 31, 2019 and 2018, the detail of movements in deferred tax assets and liabilities is as follows:

(ThCh\$)

2019	Opening Balance	Effects recognized in profit or loss	Closing balance
Recognized deferred tax assets related to:			
Goodwill from inventories	-	-	-
Accrued vacations	387,567	57,873	445,440
Adoption of IFRS 16	-	43,262	43,262
Other	240,313	153,364	393,677
Total deferred tax assets	627,880	254,499	882,379
Recognized deferred tax liabilities related to:			
Furniture and equipment	(121,028)	16,861	(104,167)
Net balance as of December 31, 2019	506,852	271,360	778,212
2018	Opening Balance	Effects recognized in profit or loss	Closing balance
Deferred tax assets are recognized, relating to :			
Goodwill form inventories	10,174	(10,174)	-
Accrued vacations	308,334	79,233	387,567
Other	370,665	(130,352)	240,313
Total deferred tax assets	689,173	(61,293)	627,880
Recognized deferred tax liabilities related to:			
Net balance as of December 31, 2018	558,122	(51,270)	506,852

Notes to the Separate Financial Statements

10. EMPLOYEE BENEFITS

(a) Provision for employee benefits

As of December 31, 2019 and 2018, this caption is detailed as follows:

(ThCh\$)

	As at December 31, 2019	As at December 31, 2018
Accrued vacations	1,649,777	1,435,430
Other	8,022	14,479
Total	1,657,799	1,449,909

(b) Movements in employee benefits

(ThCh\$)

	Other assignments	Accrued vacations	Total
2019			
Opening Balance	14,479	1,435,430	1,449,909
Movements:			
Additional Obligations	-	1,255,968	1,255,968
Obligations used	(6,457)	(1,041,621)	(1,048,078)
Total movements	(6,457)	214,347	207,890
Closing balance as of December 31, 2019	8,022	1,649,777	1,657,799
2018			
Opening Balance	9,955	1,209,151	1,219,106
Movements:			
Additional Obligations	128,959	1,165,316	1,294,275
Obligation used	(124,435)	(939,037)	(1,063,472)
Total movements	4,524	226,279	230,803
Closing balance as of December 31, 2018	14,479	1,435,430	1,449,909

Notes to the Separate Financial Statements

11. DEFERRED REVENUE

As of December 31, 2019 and 2018, other current non-financial liabilities are detailed as follows:

	As at December 31, 2019	(ThCh\$) As at December 31, 2018
Services invoiced in advance, current	598,589	43,369
Services invoiced in advance, non-current	-	406,315
Total	598,589	449,684

	As at December 31, 2019	(ThCh\$) As at December 31, 2018
Opening balance as of December 31, 2018	449,684	187,655
Recognized revenue included in the lease liability at the beginning of the period.	(43,369)	(7,723)
Increase due to invoicing during the year, excluding amounts recognized as revenue during the year.	158,703	216,197
Foreign currency translation differences	33,571	53,555
Closing balance as of December 31, 2019	598,589	449,684

12 DIVIDENDS PAID

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.

Dividends of ThCh\$8,483,875 relate to dividends paid with a debit to retained earnings as of December 31, 2019. Dividends of ThCh\$9,739,116, relate to dividends paid with a debit to retained earnings (accumulated deficit) as of December 31, 2017.

13 OPERATING PROFIT

The Company obtains revenue mainly from providing IT, consulting and commercial solutions services. The Company offers an integrated service portfolio and IT, business and engineering solutions, based on the cognition and cognitive power.

Revenue is recognized when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- Revenue from time and materials contracts and employment contracts is recognized based on production measured by the units delivered, efforts performed, the number of transactions processed, etc.
- Revenue related to maintenance of fixed-price and support service contracts in which the Company is ready to render services is recognized based on the time elapsed and revenue is directly adjusted during the performance period.
- In respect of other fixed-price contracts, revenue is recognized using the percentage of completion method ("POC" method) with contract costs incurred to determine the level of fulfillment of the performance obligation. Contracts costs used in the calculation of revenue include the cost to fulfil warranty related obligations.
- Revenue from the sale of software internally developed and manufactured systems and third party software is recognized in advance when the system/software is delivered to the client. For cases where the services of implementation and/or customization provided significantly modify or customize the software, such services and software are recognized as a single performance obligation and revenue is recognized over time under the POC method.

Notes to the Separate Financial Statements

- Revenue from the sale of different third party hardware is recognized when control is transferred to the customer.
- Solutions offered by the Company may include the supply of third party equipment or software. In such cases, revenue from the supply of such third party products is recorded in a gross or net basis, depending on whether the Company acts as the principal or the customer's agent. The Company recognizes revenue in the gross amount of the consideration when acting as principal and in the net amount of the consideration when acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted by the volume discounts, service level credits, performance bonds, price concessions, if any, as per specified in the contract with the client. Revenue also excludes income taxes collected from customers.

Contract assets are recognized when there is an excess in revenue received from contract billing. Contract assets are classified as receivables not invoiced (only invoice is pending) when an unconditional right to receive the cash exists, and only requires the passage of time, in accordance with the contractual terms.

Non-deferred and unaccrued income ("contractual responsibility") are recognized when amounts invoiced are higher than revenue.

Invoicing schedules agreed with clients include periodic payments based on the performance and/or progressive payments based on milestones. Invoices are paid within the credit period contractually agreed.

In accordance with IAS 37, the Company recognizes a provision for onerous contract when the unavoidable costs of fulfilling the obligations included in a contract exceed the economic benefits to be received.

Contracts are subject to modifications to consider the changes in contracts specifications and requirements. The Company reviews the modification of the contract together with the original contract and based on such review the transaction price could be allocated to a new performance obligation or the transaction price of an existing obligation could change. If the transaction price is reviewed for the existing obligation, a cumulative adjustment is recognized.

The Company disaggregates revenue from contracts with customers by service nature, industry and geography.

The disaggregation of revenue per nature is as follows:

	(ThCh\$)	
	Year ended December 31, 2019	Year ended December 31, 2018
Consulting services	38,448,980	32,449,040
Sale of equipment and software licenses	197,136	-
Total	38,646,116	32,449,040

The disaggregation of revenue per industry is as follows:

	(ThCh\$)	
Vertical industry	Year ended December 31, 2019	Year ended December 31, 2018
Banking, finance and insurance	30,140,952	23,797,303
Manufacture	229,242	143,350
Retail and consumer products	2,081,736	1,887,225
Communication, Media and Technology	2,328,156	2,181,263
Other	3,866,031	4,439,899
Total	38,646,116	32,449,040

Notes to the Separate Financial Statements

The disaggregation of revenue per geography is as follows:

(ThCh\$)

Geographic location

Ibero-America

America

Total

Year ended December 31, 2019	Year ended December 31, 2018
38,646,116	32,161,237
-	287,803
38,646,116	32,449,040

Geographical revenue is allocated based on customers' location.

Although the Company discloses the aggregate amount of the transaction price not yet recognized as revenue for unsatisfied (or partially satisfied) performance obligations, along with the expected time to recognize revenue, the Company has applied the practical expedient included in IFRS 15.

Accordingly, the Company has not disclosed the aggregated transaction price allocated to the unsatisfied (or partially satisfied) performance obligations that relate to contracts in which recognized revenue corresponds to the value transferred to the client that generally involves time and materials, result-based contracts and events.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors, such as terminations, changes in the scope of the contract, periodic revaluation of estimates, economic factors (changes in the exchange rates, tax laws, etc.). The aggregated amount of the transaction price allocated to unsatisfied (or partially satisfied) performance obligations is MCh\$5,916, from which 58.88% is expected to be recognized as revenue in the next year and subsequent balance. All considerations related to contracts with customers are included in the aforementioned amount.

Changes in unearned and deferred revenue are disclosed in Note 11.

14 FINANCE INCOME AND OTHER INCOME

As of December 31, 2019 and 2018, finance income and other income is as follows:

(ThCh\$)

Interests from loans granted to related companies
and others

Total

Year ended December 31, 2019	Year ended December 31, 2018
146,133	519,211
146,133	519,211

15 OTHER OPERATING EXPENSES

As of December 31, 2019 and 2018, other operating expenses are as follows:

(ThCh\$)

Leases

Data transmission circuits (communications)

Facilities expenses

Marketing and advertising

Office and other expenses

Subcontractors' expenses

Travel expenses

Notary and municipal expenses

Advisory services expense

Other expenses

Total

Year ended December 31, 2019	Year ended December 31, 2018
163,920	1,063,432
1,167,598	1,056,172
736,940	786,321
10,260	113,497
3,645,996	4,254,278
3,617,126	3,176,659
391,170	497,800
182,167	237,371
212,452	138,638
361,884	146,354
10,489,513	11,470,522

Notes to the Separate Financial Statements

16 EXPENSES BY FUNCTION

As of December 31, 2019 and 2018, expenses by function are detailed as follows:

(ThCh\$)

	Year ended December 31, 2019	Year ended December 31, 2018
Employee benefit expense	25,124,750	21,469,275
Other operating expenses	3,465,961	4,280,988
Third-party services	3,979,040	3,530,619
Facilities expenses	1,083,028	2,081,174
Telecommunications	1,167,596	1,056,173
Travel expenses	391,170	497,799
IFRS 16	822,863	-
Depreciation and amortization expenses	325,636	398,251
Finance costs	227,304	23,769
Equipment and license costs	175,413	-
Total	36,762,762	33,338,048

17 DIVIDENDS RECEIVED FROM SUBSIDIARIES

As of December 31, 2019 and 2018, dividends received from the subsidiary Tata Solution Center S.A.(Ecuador) are detailed as follows:

(ThCh\$)

	Year ended December 31, 2019	Year ended December 31, 2018
Dividends received	-	2,664,348
Total	-	2,664,348

18 FOREIGN CURRENCY TRANSLATION DIFFERENCE

(ThCh\$)

	Year ended December 31, 2019	Year ended December 31, 2018
Receivables due from/Payables due to related companies	(270,473)	894,508
Other foreign currency translation differences*	141,031	301,056
Total	(129,442)	1,195,564

* Other differences generated by cash available, receivables and payables in foreign currency.

Notes to the Separate Financial Statements

19 GUARANTEES COMMITTED WITH THIRD PARTIES

As of December 31, 2019, collaterals and commitments relate to performance bonds issued by Scotiabank Chile (Formerly - BBVA) and Santander, which are detailed as follows:

Customer	Currency	2020	2021	2022	Total
Agencia de la calidad de la educacion	Ch\$	461,949,844		1,483,996,020	1,945,945,864
Administradora de Fondos de Pensiones Provida S.A.	UF	273,134,301			273,134,301
Banco de Chile	UF		42,464,910		42,464,910
Banco del Estado de Chile	Ch\$			24,600,000	24,600,000
	UF	56,962,147	108,200,591	90,082,229	255,244,967
Banco Santander Chile	UF	408,625,674			408,625,674
CAT Administradora de tarjetas S.A.	UF	25,903,595			25,903,595
Dirección de compras y contratación pública	Ch\$			250,000	250,000
Entel PCS Telecomunicaciones S.A.	Ch\$	3,783,038			3,783,038
Santander Consumer Chile S.A.	UF	56,704,810			56,704,810
Santander Corredora de Seguros Limitada	UF	36,802,922			36,802,922
Santander Factoring S.A.	UF	36,802,922			36,802,922
Scotiabank Chile	UF			70,661,610	70,661,610
Scotiabank Sudamericano	UF	56,619,880			56,619,880
Telefónica Chile S.A.	UF	3,227,333			3,227,333
Transbank S.A.	UF		111,597,783		111,597,783

20 LAWSUITS AND CONTINGENCIES

As of December 31, 2019, the Company is not aware of any contingency, that could affect the interpretation and the accompanying separate financial statements.

The Company has contractually committed (net prepayment) MCh\$55,504 as of December 31, 2019 and MCh\$8,454 as of December 31, 2018 for the acquisition of furniture and equipment.

21 SUBSEQUENT EVENTS

COVID-19 (or Coronavirus)

On January 31, 2020, the World Health Organization (WHO) announced COVID-19 (Coronavirus) as a global health

Notes to the Separate Financial Statements

emergency and on March 18, 2020, the Government of Chile has decreed a State of Constitutional Exception of Catastrophe throughout the national territory, which has implied adopting sanitary measures to face this situation, both locally and internationally, including, among others, the restriction of movement of people and the closure of borders, which is expected to significantly affect economic activity and markets in general.

The spread of this COVID-19 pandemic (Coronavirus) has generated volatility and uncertainty in the financial markets and in the economic environment worldwide. In view of this scenario, the Company created a Crisis Committee to monitor the main risks and potential impacts and to adopt preventive and emergency measures to mitigate the effects of the pandemic, meeting daily to discuss the issues. Under the terms of Decree n° 104 of 18 of March of 2020 defines public services and essential activities in the context of the measures adopted to face the pandemic, the Company's operational activities are classified as essential. Consequently, they have not been directly affected and remain in normal operation. In this sense, the Company is following the guidelines of the MS and WHO to preserve the integrity of its employees and for operational continuity.

Other

Between January 1, 2020 and the date when financial statements were authorized for issue, there are no additional subsequent events that could affect the Company's financial position and/or profit or loss or which require disclosure in the notes to the financial statements.

TATASOLUTION CENTER S.A.

FINANCIAL STATEMENTS

**For the year ended
December 31, 2019**

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

FREE ENGLISH-LANGUAGE TRANSLATION OF SPANISH-LANGUAGE ORIGINAL AUDITORS' REPORT

TO THE SHAREHOLDERS BOARD 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, 2019, 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 Tatasolution Center S. A., as at December 31, 2019, and of its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (IASs). 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 Ecuador, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 1 of the financial statements, which explains that the Company concentrates 88% of its revenue in a single client, with whom it has a service contract (see note 16 (a)). Subsequently, credit risk is affected by the individual characteristics of this client. 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.

KPMG del Ecuador

SC - RNAE 069

March 16, 2020

Jenny E. Toalongo Naula, Director

Statement of Financial Position

(In thousand of USD)

	Note	As at December 31, 2019	As at December 31, 2018
ASSETS:			
Current assets			
Cash and cash equivalents	8(a)	12,616	8,263
Trade receivables	8(b)	4,354	2,772
Unbilled receivables	8(c)	193	7,574
Other current financial assets	8(d)	471	150
Advance income taxes (net)	14	2,275	1,670
Other current assets	10(c)	601	1,117
Total current assets		20,510	21,546
Non-current assets			
Unbilled receivables		-	2,892
Other non-current financial assets	8(d)	15	55
Deferred tax assets	14	178	269
Property, plant and equipment	10(a)	190	427
Right-of-use assets	9	2,317	-
Other non-current assets	10(c)	1	2,261
Total non-current assets		2,701	5,904
TOTAL ASSETS		23,211	27,450
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade and other payables	8(e)	6,118	7,162
Lease liabilities		193	-
Other current financial liabilities	8(f)	1,201	2,557
Unearned and deferred revenue		171	162
Employee benefit obligations	15(a)	273	353
Provisions		-	2
Income tax payable (net)	14	957	364
Other current liabilities	10(d)	2,399	1,484
Total current liabilities		11,312	12,084
Non-current liabilities			
Lease liabilities		104	-
Employee benefit obligations	15(b)	4,307	5,397
Total non-current liabilities		4,411	5,397
Total liabilities		15,723	17,481
Equity			
Share Capital	8(i)	3,001	3,001
Legal Reserves	5	1,506	1,506
Retained Earnings	5	2,981	5,462
Total equity		7,488	9,969
TOTAL LIABILITIES AND EQUITY		23,211	27,450

Gonzalo Pozo
General Manager

Jhonatan Fonseca
General Accountant

SEE NOTES TO ACCOMPANYING FINANCIAL STATEMENTS

Statement of Profit or Loss and Other Comprehensive Income

(In thousand of USD)

	Note	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenues	11		
Consultancy services		57,616	82,984
Sale of equipment and software licences		7,409	692
TOTAL REVENUES		65,025	83,676
Operating expenses			
Employee benefits expenses	15	(46,810)	(51,701)
Depreciation and amortization expense		(1,077)	(310)
Other operating expenses	12	(19,518)	(23,782)
TOTAL OPERATING EXPENSES		(67,405)	(75,793)
Operating (loss) profit		(2,380)	7,883
Other income			
Finance and other income	13(a)	454	212
Finance costs	13(b)	(265)	-
Other gains (losses), net	13(c)	266	1,203
OTHER INCOME (NET)		455	1,415
(Loss) / Profit for the year		(1,925)	9,298
Income tax expense	14	(1,338)	(2,758)
(Loss) / Profit for the year		(3,263)	6,540
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined employee benefit plans	15	832	(516)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		(2,431)	6,024

Gonzalo Pozo
General Manager

Jhonatan Fonseca
General Accountant

SEE NOTES TO ACCOMPANYING FINANCIAL STATEMENTS

Statement of Changes in Equity

(In thousand of USD)

	Share capital	Legal reserves	Retained earnings	Adoption of IFRS	Total Retained Earnings	Total equity
Balance as at December 31, 2017	3,001	1,506	3,529	(140)	3,389	7,896
Profit for the period	-	-	6,540	-	6,540	6,540
Other comprehensive income	-	-	(516)	-	(516)	(516)
Dividends	-	-	(3,951)	-	(3,951)	(3,951)
Balance as at Dec 31, 2018	3,001	1,506	5,602	(140)	5,462	9,969
Transition impact of IFRS 16	-	-	(50)	-	(50)	(50)
Adjusted balance as on Jan 1, 2019	3,001	1,506	5,552	(140)	5,412	9,919
(Loss) for the period	-	-	(3,263)	-	(3,263)	(3,263)
Other comprehensive income	-	-	832	-	832	832
Balance as at December 31, 2019	3,001	1,506	3,121	(140)	2,981	7,488

Gonzalo Pozo
General Manager

Jhonatan Fonseca
General Accountant

SEE NOTES TO ACCOMPANYING FINANCIAL STATEMENTS

Statement of Cash Flows

(In thousand of USD)

CASH FLOWS FROM OPERATING ACTIVITIES

(Loss) / Profit for the period

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation and amortization expense

Net loss on disposal of property and equipment

Allowances for doubtful trade receivables and

bad debts written off

Income tax expense

Provision for foreseeable losses

Net change in

Trade receivables

Unbilled receivables

Other financial assets (current and non-current)

Other current assets

Other non-current assets

Unbilled receivables - non-current

Trade and other payables

Other financial liabilities (current)

Unearned and deferred revenues

Employee benefit obligations

Other liabilities current

Other non current liabilities - employee benefit obligations

Cash provided from operations

Taxes paid

Net cash (used in) provided by operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment

Proceeds from sale of property and equipment

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid

Payment of lease liabilities

Net cash used in financing activities

Net increase / (decrease) in cash

Cash and cash equivalents, beginning of the year

Cash and cash equivalents, end of the year

Supplementary Cash flow Information

Interest paid

Interest received

For the year ended December 31, 2019	For the year ended December 31, 2018
(3,263)	6,540
1,077	310
13	-
566	(24)
1,338	2,758
(2)	(15)
(2,148)	1,137
7,382	(6,175)
(280)	(116)
515	1,731
(507)	(2,159)
2,892	(2,892)
(1,046)	(4,323)
(1,355)	1,350
10	(2,931)
(81)	258
914	(5,154)
(258)	(205)
5,767	(9,911)
(1,242)	(1,027)
4,525	(10,938)
(27)	(48)
4	-
(23)	(48)
-	(3,951)
(149)	-
(149)	(3,951)
4,353	(14,937)
8,263	23,200
12,616	8,263
(265)	-
452	212

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 88 percent 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, 2019 (and 2018), the Company employed a total of 1,590 and 1,832 employees, respectively.

Information included in these financial statements is the responsibility of Company's management.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB).

3. BASIS OF PREPARATION

The financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortized cost 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. All assets and liabilities have been classified as current and non-current as per the company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the company has considered an operating cycle of 12 months.

The statement of cash flows has been prepared under indirect method.

The functional currency of the Company is the United States of America dollar (U.S. dollar). The functional currency of the company is the currency of the primary economic environment in which the entity operates. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the dates of statement of financial position and exchange gains and losses arising on settlement and restatement are recognized in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

4. 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 judgements 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 recognized in the period in which the estimates are revised, and future periods are affected.

The company uses the following critical accounting estimates in preparation of its financial statements:

a. Revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Notes forming part of the Financial Statements

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation based on the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts are recognized using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalization. Such software cost is amortized over the economic life of the licence. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

b. 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.

c. 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.

d. Valuation of deferred tax asset

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

e. Provisions and contingent liabilities

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.

Notes forming part of the Financial Statements

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).

f. Employee benefits

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.

The accounting of employee benefit plans in the nature of defined benefit requires the company to use assumptions. These assumptions have been explained under employee benefits note.

g. Leases

The company evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the company is reasonably certain not to exercise that option. In assessing whether the company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

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 2019 and 2018, 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.

5. NATURE AND PURPOSE OF RESERVES

a. Legal Reserve

The Companies' Law requires that at least 10 percent of annual income be appropriated as a legal reserve until such reaches a minimum of 50 percent of share capital. This reserve is not available for payment of dividends but may be capitalized in its entirety.

Notes forming part of the Financial Statements

b. Retained Earnings

A summary of retained earnings is as follows:

	(In thousand of USD)	
	As at December 31, 2019	As at December 31, 2018
Retained earnings - distributable	3,121	5,602
Accumulated earnings from first time adoption of IFRS	(140)	(140)
	2,981	5,462

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.

Dividends

During 2018, dividends of US\$3.9 million were paid corresponding to retained earnings for the year 2015, as approved by the resolution of the Shareholders' Meetings held on December 14, 2018. For 2019, no dividends were declared.

6. 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.

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.

7. RECENT ACCOUNTING STANDARDS

The company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS Standards	References to Conceptual Framework ¹
Amendments to IFRS 3	Definition of Business ¹
Amendments to IAS 1 and IAS 8	Definition of Material ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate Benchmark Reform ¹

¹ Effective for annual periods beginning on or after January 1, 2020.

IFRS Standards – References to Conceptual Framework

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Amendments primarily either update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised Framework, with effect from January 1, 2020. The Company does not expect that the amendment to have any impact on its financial statements.

IFRS 3 – Definition of Business

In October 2018, the IASB issued amendments Definition of a Business (Amendments to IFRS 3) to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments confirmed that a business must include inputs, narrowed the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all

Notes forming part of the Financial Statements

concentrated in a single asset or group of similar assets. The amendments primarily provide clearer application guidance. The Company does not expect that the amendment to have any impact on its evaluation of whether activities and assets acquired are a business or a group of assets.

IAS 1 and IAS 8 – Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

- **Obscuring:** The existing definition only focused on omitting or misstating information, however, IASB concluded that obscuring material information with information that can be omitted can have a similar effect.
- **Could reasonably be expected to influence:** The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- **Primary users:** The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Company does not expect that the amendment to have any impact on its evaluation of 'material' in relation to its financial statements.

IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

In September 2019, IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). The IASB felt that some hedge accounting requirements in IFRS 9 may be affected by uncertainties arising from the impact of the ongoing reform of some major interest rate benchmarks whereby efforts are being made to replace existing benchmarks with alternative, nearly risk free rates. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors.

Therefore, IASB has amended specific hedge accounting requirements to provide exceptions during this period of uncertainty. The amendment primarily states that when determining whether a forecast transaction is highly probable, a company shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform. The Company does not expect the amendment to have any significant impact because the Company hedges currency fluctuation risk and contractual cash flows of hedged items and hedging instruments do not vary significantly with changes in interest rate benchmarks.

8. FINANCIAL ASSETS, FINANCIAL LIABILITIES AND EQUITY 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.

The company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The company derecognizes financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired.

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.

Notes forming part of the Financial Statements

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 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 issued by the company are recognized at the proceeds received net of direct issue cost.

Impairment of financial assets at amortized cost

The Company assesses at each date of statement 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. 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.

a) 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 thousand of USD)	
	As at December 31, 2019	As at December 31, 2018
Current account balances with banks	939	4,276
Deposits with banks (1)	11,677	3,987
	12,616	8,263

(1) At December 31, 2019, Deposit with banks correspond to certificates of deposit and sweep account with a local financial institution maturing up to January 2020 (up to November 2019 and January 2019 for year 2018) with an effective average interest rate of 4.60 percent and 5 percent respectively (4.50 percent and 0.75 percent for year 2018).

b) Trade Receivables

	(In thousand of USD)	
	As at December 31, 2019	As at December 31, 2018
Trade receivables – gross (1)	4,920	2,772
Less: Allowance for doubtful trade receivables (2)	(566)	-
	4,354	2,772

(1) Trade receivables include balances with related parties (Refer Note 17)

Notes forming part of the Financial Statements

At December 31, 2019, majorly comprises the balance with: Banco Pichincha C.A. US\$3,667 thousand, Banco Pichincha Panamá US\$342 thousand, CONECEL US\$184 thousand, OTECEL US\$58 thousand and other clients US\$103 thousand.

At December 31, 2018, majorly comprises the balance with: Banco Pichincha C.A. US\$1,928 thousand, Servicio de Rentas Internas US\$134 thousand, CONECEL US\$501 thousand and other clients US\$209 thousand.

Movements in trade receivables were as follows:

	(In thousand of USD)	
	As at December 31, 2019	As at December 31, 2018
Balance at the beginning of the year	2,772	3,885
Allowance for doubtful receivables	(566)	24
Amount invoiced net of collection	2,148	(1,137)
Balance at the end of the year	4,354	2,772

(2) During 2019, the Company adjusted the balance of accounts receivable Servicio de Rentas Internas by US\$ 566 thousand. As of the date of this report, the provision of services contracts has not been settled [Note 16].

Aging of past-due accounts receivable not yet impaired: Details of past-due accounts receivable not yet impaired are as follows:

	(In thousand of USD)	
	As at December 31, 2019	As at December 31, 2018
Overdue 91 to 180 Days	-	134
Total past-due portfolio	-	134

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.

c) Unbilled Receivables

	(In thousand of USD)	
	As at December 31, 2019	As at December 31, 2018
Unbilled receivables – gross	193	7,574

Unbilled receivables include balances with related parties (Refer Note 17).

At December 31, 2019, majorly comprises the provision of professional services for: Conecel S.A. US\$ 131 thousand Banco Pichincha C.A. US\$ 43 thousand, Otecel S.A. US\$14 thousand and other clients US\$5 thousand. At December 31, 2018, majorly comprises the provision of professional services for: Banco Pichincha C.A. US\$7,245 thousand, CONECEL S.A. US\$187 thousand and other clients US\$143 thousand.

Movements in unbilled receivables were as follows:

	(In thousand of USD)	
	As at December 31, 2019	As at December 31, 2018
Balance at the beginning of the year	7,574	1,399
Amounts billed during the year (net)	(7,381)	6,175
Balance at the end of the year	193	7,574

Notes forming part of the Financial Statements

Aging of past-due unbilled receivables not yet impaired: Details of past-due unbilled receivables not yet impaired are as follows:

(In thousand of USD)

	As at December 31, 2019	As at December 31, 2018
Overdue 91 to 180 Days	-	19
	-	19

d) Other Financial Assets

Other current financial assets

(In thousand of USD)

	As at December 31, 2019	As at December 31, 2018
Restricted Cash (1)	280	-
Employee advances	142	150
Deposits for premises	30	-
Accrued Interest	19	-
Total	471	150

1) Restricted cash comprises of Deposits with lien

Other non-current financial assets

(In thousand of USD)

	As at December 31, 2019	As at December 31, 2018
Deposits for premises	15	55

e) Trade and Other Payables

(In thousand of USD)

	As at December 31, 2019	As at December 31, 2018
Trade payables - gross (1)	1,750	2,125
Accrued expenses	4,368	5,037
Total	6,118	7,162

(1) Total related companies US\$ 1,188 thousand for year 2019 (US\$ 1,903 thousand for year 2018). (Note 17).

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 thousand of USD)

	As at December 31, 2019	As at December 31, 2018
Banco Pichincha (1)	289	466
Internal Revenue Services - SRI (2)	180	1,067
Others:		
Recurring services (3)	3,899	3,504
Total	4,368	5,037

(1) For year 2019 includes a provision for US\$243 thousand for operative errors in the normal course of the business. (US\$466 thousand for year 2018). (Note 16).

Notes forming part of the Financial Statements

- (2) Constitute costs and expenses for Internal Revenue Services (SRI) Project and to finish settlement of the contract. (Note 16).
- (3) For year 2019 includes a provision for US\$3,012 thousand for IBM ELA license renewal for Banco Pichincha (US\$ 2,867 thousand for year 2018).

f) Other Current Financial Liabilities

(In thousand of USD)

	As at December 31, 2019	As at December 31, 2018
Profit sharing	18	1,641
Social benefits	418	478
Other employee accounts payable	765	438
	1,201	2,557

Employee profit-sharing - In accordance with current legislation, workers are entitled to a 15 percent 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 thousand of USD)

	As at December 31, 2019	As at December 31, 2018
Balances, beginning of year	1,641	206
Provision for the year (1)	18	1,641
Payment made	(1,641)	(206)
Balances, end of year	18	1,641

- (1) It pertains to accrual for profit sharing in relation with tax assessment for 2014.

g) Financial assets and liabilities

The carrying value of financial instruments by categories as at December 31, 2019 is as follows:

(In thousand of USD)

	Amortized cost	Total carrying value
Financial assets		
Cash and cash equivalents	12,616	12,616
Trade receivables	4,354	4,354
Unbilled receivables	193	193
Earmarked balances with banks	281	281
Other financial assets	205	205
Total	17,649	17,649
Financial liabilities		
Trade payables	6,118	6,118
Lease liabilities	297	297
Other financial liabilities	1,201	1,201
Total	7,616	7,616

Notes forming part of the Financial Statements

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

	(In thousand of USD)	
	Amortized cost	Total carrying value
Financial assets		
Cash and cash equivalents	8,263	8,263
Trade receivables	2,772	2,772
Unbilled receivables	7,574	7,574
Other financial assets	206	206
Total	18,815	18,815
Financial liabilities		
Trade payables	7,162	7,162
Other financial liabilities	2,557	2,557
Total	9,719	9,719

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at December 31, 2019 and 2018 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets, other financial liabilities and lease liabilities subsequently measured at amortized cost is not significant in each of the years presented.

h) Fair value hierarchy

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

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

i) 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.

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 Company is not exposed to foreign currency exchange rate risk.

- **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.

Notes forming part of the Financial Statements

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 receivable, investments, cash and cash equivalents, bank deposits and other financial assets. Cash and cash equivalents include an amount of 12,613 thousands USD held with Banks in Ecuador having high quality credit rating which are individually in excess of 10 percent or more of the Company's total cash and cash equivalents as at 31st December 2019. 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 US\$17,649 thousand and US\$18,815 thousand as at December 31, 2019 and 2018, respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, unbilled receivable, other financial assets and investments.

(In thousand of USD)

	As at December 31, 2019		As at December 31, 2018	
	Total Trade receivables & Unbilled receivable	Percentage	Total Trade receivables & Unbilled receivable	Percentage
A	3,709	82	12,369	93

Geographic concentration of credit risk

Geographic concentration of trade receivables (gross and net of allowances) and unbilled receivables is as follows:

(In thousand of USD)

	As at December 31, 2019	As at December 31, 2018
	%	%
Iberoamerica	100	100

Geographical concentration of trade receivables and unbilled receivable is allocated based on the location of the customers

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 Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities 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 at:

(In thousand of USD)

December 31, 2019

Non-derivative financial liabilities:

Trade payables

Lease liabilities

Other financial liabilities

Total

Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
6,118	-	-	-	6,118
201	106	-	-	307
1,201	-	-	-	1,201
7,520	106	-	-	7,626

(In thousand of USD)

December 31, 2018

Non-derivative financial liabilities:

Trade payables

Lease liabilities

Other financial liabilities

Total

Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
7,162	-	-	-	7,162
-	-	-	-	-
2,557	-	-	-	2,557
9,719	-	-	-	9,719

j) Equity instruments

Paid-in share capital comprises 3,000,800 shares with a nominal value of US\$1.00.

Fully paid equity shares, which have a par value of US\$3,000,800 (US\$ 1) each carry one vote per share and have a right to dividend. In the event of liquidation of the Company, the holders of shares are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

(In thousand of USD)

Authorised

Equity shares of '1 each

(3,000,800 shares and 3,000,800 shares)

Issued, Subscribed and Fully paid up

Opening balance of equity shares of '1 each

As at December 31, 2019	As at December 31, 2018
3,001	3,001
3,001	3,001
3,001	3,001
3,001	3,001

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

Notes forming part of the Financial Statements

9. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in profit or loss.

The company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the company uses incremental borrowing rate. For leases with reasonably similar characteristics, the company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognizes the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the company recognizes any remaining amount of the re-measurement in profit or loss.

The company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Company as a lessor

At the inception of the lease, the company classifies each of its leases as either an operating lease or a finance lease. The company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the company applies IFRS 15 Revenue to allocate the consideration in the contract.

Transition to IFRS 16

In January 2016, International Accounting Standards Board issued the final version of IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. IFRS 16 has replaced IAS 17 Leases, and its

Notes forming part of the Financial Statements

related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The company has adopted IFRS 16, effective annual reporting period beginning January 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application (January 1, 2019). Accordingly, the company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on January 1, 2019.

Refer note 2.11 – Significant accounting policies – Leases in the Annual report of the Company for the year ended December 31, 2018, for the policy as per IAS 17.

Company as a lessee

Operating leases

For transition, the company has elected not to apply the requirements of IFRS 16 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The company has also used the practical expedient provided by the standard when applying IFRS 16 to leases previously classified as operating leases under IAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying IAS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the company recognized a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognized at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at January 1, 2019. Accordingly, a right-of-use asset of US\$3,061 thousand and lease liability of US\$368 thousand has been recognized. The cumulative effect on transition in retained earnings net of taxes is US\$50 thousand (including the deferred tax of US\$17 thousand). The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per IAS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 4.09 percent has been applied to lease liabilities recognized in the statement of financial position at the date of initial application.

On application of IFRS 16, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards noncancellable operating leases and finance leases reported as at December 31, 2018 compared to the lease liability as accounted as at January 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of IFRS 16 and exclusion of the commitments for the leases to which the company has chosen to apply the practical expedient as per the standard.

Company as a lessor

The company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The company accounted for its leases in accordance with IFRS 16 from the date of initial application. The company does not have any significant impact on account of sub-lease on the application of this standard.

The details of the right-of-use asset held by the company is as follows:

	(In thousand of USD)	
	Additions for the year ended December 31, 2019	Net carrying amount as at December 31, 2019
Buildings	85	2,317
Total	85	2,317

Notes forming part of the Financial Statements

Depreciation on right-of-use asset is as follows:

	(In thousand of USD)
	Net carrying amount as at December 31, 2019
Buildings	829
Total	829

Interest on lease liabilities is US\$14 thousand for the year ended on December 31, 2019.

The company incurred US\$381 thousand for the year ended December 31, 2019 towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow is \$ 544 thousand for the year ended December 31, 2019 for long term and short-term leases.

Lease contracts entered by the company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The company does not have any lease restrictions and commitment towards variable rent as per the contract.

Note: 1 Disclosure of maturity analysis of lease liabilities will form part of financial instruments disclosure note.

10. NON-FINANCIAL ASSETS AND LIABILITIES

a) Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight-line basis so as to expense the cost less residual values 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	Useful lives
Buildings	20 years
Leasehold improvements	Lease term
Computer equipment	4 years
Furniture, fixtures, office equipment and other assets	4-10 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. Capital work-in-progress includes capital advances.

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

Notes forming part of the Financial Statements

the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss.

(In thousand of USD)

Note	Vehicles	Leasehold improvements	Computer equipments	Furniture and fixtures	Office equipments	Total
Gross block as at Dec 31, 2018	2	283	12,456	982	114	13,837
Purchases	-	-	21	4	-	25
Disposals	(2)	(279)	(10,548)	(178)	(24)	(11,031)
Gross block as at Dec 31, 2019	-	4	1,929	808	90	2,831
Accumulated depreciation as at Dec 31, 2018	2	283	12,174	902	49	13,410
Disposals	(2)	(279)	(10,545)	(178)	(9)	(11,013)
Depreciation for the year	-	-	192	38	17	247
Accumulated depreciation as at Dec 31, 2019	-	4	1,821	762	57	2,644
Net carrying amount at of Dec 31, 2019	-	-	108	46	33	187
Capital work-in-progress (including capital advances)						3
Total						190
Gross block as at Dec 31, 2017	2	283	12,586	965	113	13,949
Purchases	-	-	30	17	1	48
Disposals	-	-	(160)	-	-	(160)
Gross block as at Dec 31, 2018	2	283	12,456	982	114	13,837
Accumulated depreciation as at Dec 31, 2017	2	283	12,090	853	32	13,260
Disposals	-	-	(160)	-	-	(160)
Depreciation for the year	-	-	244	49	17	310
Accumulated depreciation as at Dec 31, 2018	2	283	12,174	902	49	13,410
Net carrying amount as at Dec 31, 2018	-	-	282	80	65	427
Total						427

Notes forming part of the Financial Statements

b) Other intangible assets

Intangible assets purchased including acquired in business combination, are measured at cost as at the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences and customer-related intangibles.

Following table summarises the nature of intangibles and their estimated useful lives:

Type of Asset	Useful lives
Rights under licensing agreement and software licences	Lower of licence period and 2-5 years
Customer-related intangibles	3 years

Intangible assets are amortized on a straight-line basis over the period of its economic useful life.

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 profit or loss.

c) Other Assets

Other current assets

(In thousand of USD)

	As at December 31, 2019	As at December 31, 2018
Prepaid expenses (1)	264	919
Advance to suppliers	16	12
Other current assets	75	25
Contract fulfillment costs *	246	161
	601	1,117

Other non-current assets

(In thousand of USD)

	As at December 31, 2019	As at December 31, 2018
Prepaid expenses	1	2,086
Contract assets	-	80
Contract fulfillment costs *	-	95
	1	2,261

(1) Advance payment of 60 lease installments of property, intended for the use of the Company for the provision of technological services. The term of the lease agreement is in accordance with the Agreement for the Provision of Operating and Technology Services signed with Banco del Pichincha, effective from January 3, 2018.

Prepaid rent of US\$2,760 thousand has been reclassified to right-to-use asset pursuant to transition to IFRS 16.

(*) Contract fulfillment costs of \$205 and \$2,538 thousand for the years ended December 31, 2019 and 2018, respectively, have been amortized in the profit or loss. Refer note 11 for changes in contract assets.

Notes forming part of the Financial Statements

d) Other Current Liabilities

(In thousand of USD)

	As at December 31, 2019	As at December 31, 2018
Indirect tax payable and other statutory liabilities	1,965	1,484
Advance received from customers	434	-
	2,399	1,484

11. REVENUE FROM OPERATIONS

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

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

- Revenue from time and material and job contracts is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognized using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation. The contract cost used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third-party software is recognized upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognized over time on a POC method.
- Revenue from the sale of distinct third-party hardware is recognized at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third-party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognized when there are billings in excess of revenues.

The billing schedules agreed with customers could include periodic performance-based payments and/or milestone-based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognizes an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Notes forming part of the Financial Statements

The Company disaggregates revenue from contracts with customers by nature of services, industry verticals, and geography.

Revenue disaggregation by nature of services is as follows:

	(In thousand of USD)	
	For the year ended December 31, 2019	For the year ended December 31, 2018
Consultancy services	57,616	82,984
Sale of equipment and software licenses	7,409	692
Total	65,025	83,676

Revenue disaggregation by industry vertical is as follows:

	(In thousand of USD)	
	For the year ended December 31, 2019	For the year ended December 31, 2018
Banking, Financial & Insurance	63,591	81,406
Retail and Consumer products	293	185
Manufacturing	50	114
Consumer, Media & Technology	877	1,344
Others	214	627
Total	65,025	83,676

Revenue disaggregation by geography is as follows:

	(In thousand of USD)	
	For the year ended December 31, 2019	For the year ended December 31, 2018
Ibero America	64,975	83,624
America	50	52
Total	65,025	83,676

Geographical revenue is allocated based on the location of the customers.

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event-based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is US\$ 388 thousand out of which 100 percent is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Notes forming part of the Financial Statements

Movement in contract assets is given below:

(In thousand of USD)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Opening balance as on January 1' 2019	80	3,075
+ Revenue recongnized during the year	8	[2,303]
- Invoices raised during the year	(88)	[692]
+/- Translation	-	-
Closing balances as on December 31' 2019	0	80

Movement in contract liabilities is given below :

(In thousand of USD)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Opening balance as on January 1' 2019	162	5,514
- Revenue recongnized that was included in the contract liability balance at the beginning of the period	(128)	(5,375)
+ Increase due to invoices during the year excluding amounts recognized as revenue during the year	137	23
+/- Translation	-	-
Closing balances as on December 31' 2019	171	162

12. COSTS AND EXPENSES BY THEIR NATURE

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 benefits expenses, depreciation and amortization and other operating expenses. Employee benefits 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.

Details of costs and expenses by their function are as follows:

(In thousand of USD)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Cost of revenue	49,653	59,473
Selling, general and administrative expenses	17,752	16,320
	67,405	75,793

Notes forming part of the Financial Statements

Other Operating expenses

(In thousand of USD)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Bad debts	588	(24)
Communication	507	564
Cost of equipment and software licences	6,527	9,033
Facility running expenses	1,953	3,197
Fees to external consultants	4,099	1,905
Other expenses	5,025	8,331
Travel expenses	819	776
	19,518	23,782

13. OTHER INCOME

a. Finance and other income

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

(In thousand of USD)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest on bank balances and bank deposits	452	212
Others	2	-
Total	454	212

b. Finance costs

(In thousand of USD)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest on lease liabilities	14	-
Interest on tax matters	251	-
Total	265	-

c. Other gains (net)

(In thousand of USD)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Net gain/ (loss) on disposal of property, plant and equipment	(13)	10
Others	279	1,193
Total	266	1,203

14. TAXES

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

Current tax: The tax currently payable is based on taxable profit for the year. Taxable profit differs from 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.

Notes forming part of the Financial Statements

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.

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.

Current year assets and liabilities: A summary of current asset and liability taxes is as follows:

	(In thousand of USD)	
	As at December 31, 2019	As at December 31, 2018
Tax credit on income tax withholdings at source and total		
Current income tax withholdings	2,275	1,670
Current tax liabilities:		
Value Added Tax - VAT payable and withholdings	526	394
Income tax payable	957	364
Income tax withholdings at source payable	641	195
	2,124	953

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 thousand of USD)	
	As at December 31, 2019	As at December 31, 2018
(Loss) profit according to the financial statements, before income tax	(1,925)	9,298
Non deductible expenses	5,909	2,300
Taxable income (1)	3,984	11,598
Income tax 25% (2)	996	2,900
Calculation of minimum prepaid income tax	-	638
Prior Period Income Tax (3)	342	-
Income tax charged to profit and loss:		
Current	1,230	2,900
Deferred	108	(142)
	1,338	2,758
Effective tax rate	51%	30%

Notes forming part of the Financial Statements

In accordance with current legislation, income tax was determined using a rate of 25 percent on profits subject to distribution (25 percent for 2018) and 15 percent on reinvested profits for some industries.

- (1) As of year 2010, the calculated prepayment amount must be considered as a minimum income tax. This calculation is performed by totaling 0.4 percent of assets, 0.2 percent of equity, 0.4 percent of taxable income and 0.2 percent of deductible costs and expenses.
- (2) The Company recorded US\$ 996 thousand and US\$ 2,900 thousand respectively in the income statement, corresponding to the income tax caused.
- (3) It pertains to additional provision during the year in relation to tax assessment for the year 2014.

Income tax return audit for 2015 is in process by tax authority. Tax returns for years 2016, 2017 and 2018 are subject to revision.

Movement in the provision for income tax (tax credit): Movements in the provision for income tax (tax credit) were as follows:

(In thousand of USD)

	As at December 31, 2019	As at December 31, 2018
Balances, beginning of year	1,670	3,179
Provision for the year	(889)	(2,900)
Payment made	1,494	1,391
Balances, end of year	2,275	1,670

Payments made: Comprise withholdings at source and payment of the income tax balance due at beginning of year.

Deferred tax balances: Movements for deferred tax assets were as follows:

(In thousand of USD)

Year 2019:	Balances at beginning of year	Recognized through retained earnings	Recognized in profit and loss	Balances at end of year
Deferred tax assets in relation to:				
Provision for bonuses	102	-	(91)	11
Provision de bonuses (Gifcards to employees)	8	-	(3)	5
Provision for operative losses	117	-	(56)	61
Retirement benefits	42	-	59	101
Transition impact of IFRS 16	-	17	(17)	-
	269	17	(108)	178

Year 2018:	Balances at beginning of year	Recognized through retained earnings	Recognized in profit and loss	Balances at end of year
Deferred tax assets in relation to:				
Provision for bonuses	75	-	27	102
Provision de bonuses (Gifcards to employees)	23	-	(15)	8
Provision for operative losses	30	-	87	117
Retirement benefits	-	-	42	42
	128	-	141	269

Notes forming part of the Financial Statements

Direct tax 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\$363,500.

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) Year 2014 Income Tax Assessment

On October 31, 2018, the Regional Director of the Internal Revenue Service (SRI) issued a Determination Order for year 2014, requiring the Company to pay additional income tax of US\$2,445,816.

The Company challenged the Order in 2019 and the case is now with the Contentious Tax Tribunal waiting for a preliminary hearing within the contested trial. After consulting its legal advisors, the Company believes the possibility of success to be high. The Company has provided US\$593,443 income tax, penalties, recharges, and interests for those transactions that were not included in claim. As of December 31, 2019, the Company has generated a guarantee for US\$ 244,088.

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 2019 and 2018, did not exceed the referred amount.

The Company Management based on the preliminary diagnosis performed together with its tax advisors for 2019 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, 2019, have met the arm's length principle

15. EMPLOYEE BENEFIT OBLIGATION

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.

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 percent of pre-tax income in accordance with current legislation.

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.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. A liability is recognized for the amount expected to be paid when there is 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.

Notes forming part of the Financial Statements

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 recognized 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 recognized as an actuarially determined liability at the present value of the defined benefit obligation at the date of financial position.

Employee benefit expenses consist of the following:

	(In thousand of USD)	
	For the year ended December 31, 2019	For the year ended December 31, 2018
Salaries, incentives and allowances	35,426	39,036
Contributions to provident and other funds	9,141	10,141
Staff welfare	2,243	2,524
	46,810	51,701

a) Employee benefit obligation - Current

Other employee benefit obligation: Company provisioned US\$ 20 thousand at the end of December 2019 (US\$ 25 thousand at the end of December 2018) to be paid as long service awards and start of the month recognition according to corporate policies.

	(In thousand of USD)	
	As at December 31, 2019	As at December 31, 2018
Compensated absences	253	328
Other employee benefit obligations	20	25
	273	353

b) Employee benefit obligation - Non-Current

Defined Benefit Obligations

	(In thousand of USD)	
	As at December 31, 2019	As at December 31, 2018
Retirement	3,060	4,198
Severance	1,247	1,199
	4,307	5,397

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 thousand of USD)	
	For the year ended December 31, 2019	For the year ended December 31, 2018
Balances, beginning of year	4,198	4,205
Cost of the services	415	520
Cost of interest	69	167
Actuarial losses (gains) Reversal provision	(716)	(500)
Actuarial losses (gains) current year	(907)	(194)
Balances, end of year	3,060	4,198

Notes forming part of the Financial Statements

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 percent of their last monthly salary for each year of service.

Movements in the present value of the severance obligation were as follows:

	(In thousand of USD)	
	For the year ended December 31, 2019	For the year ended December 31, 2018
Balances, beginning of year	1,199	883
Cost of the services	168	122
Cost of interest	28	48
Actuarial losses (gains)	76	710
Short provision	575	-
Benefits paid	(799)	(564)
Balances, end of year	1,247	1,199

The actuarial calculations for the present value of the accrued defined benefits were performed at December 31, 2019 and 2018 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 thousand of USD)	
	For the year ended December 31, 2019	For the year ended December 31, 2018
	%	%
Discount rate (s)	2.70	4.75
Expected salary increase rate (s)	2.50	4.00
Turnover rate	21.11	16.40

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 thousand of USD)	
	For the year ended December 31, 2019	For the year ended December 31, 2018
DBO variance (discount rate - 0.5%)	244	299
DBO variance (discount rate + 0.5%)	(226)	(274)
DBO variance (salary increase + 0.5%)	195	248
DBO variance (salary increase - 0.5%)	(183)	(232)

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).

Notes forming part of the Financial Statements

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 profit/ loss and other comprehensive income for the referred defined benefit plans are as follows:

		(In thousand of USD)
	For the year ended December 31, 2019	For the year ended December 31, 2018
Statement of profit and loss		
Service cost	582	642
Interest cost	98	215
	680	857
Other comprehensive income:		
Actuarial losses (gains) and subtotal	(832)	516
	(152)	1,373

16. COMMITMENT AND CONTIGIENCIES

The Company's principal commitments, effective at December 31, 2019 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. Business model, pricing and billing model has been agreed at the end of 2018.
- (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.

The Company started a mediation act with customer in order to settle and close the contract. At the issue date of the financial statements this is in process.

- (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. In addition, at December 31, 2015, the Company received an advance payment of US\$4 million in accordance with the framework contract.

As per a unilateral termination document raised by the customer, 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.

On July 2018, the Company billed and recognized the effect of fines defined in termination document.

Ecuador Government Auditor "Contraloria General del Estado" audited the contract and final report has not been yet issued at the date of the financial statements. With this report legal assessment will be required to continue actions in order to settle and close contract.

Notes forming part of the Financial Statements

- (e) Capital Commitments:** The company has contractually committed (net of advances) USD 43 thousand and USD 3 thousand as at December 31 2019 and 2018 respectively, for purchase of property, plant and equipment.

Contingencies

(a) Direct tax matters

Refer note on direct tax contingencies in Note 14 income taxes

(b) Indirect tax matters

There are no contingency in relation to Indirect tax matters.

17. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's principal related parties consist of its ultimate holding company Tata Sons Private Limited and its subsidiaries, its own subsidiaries, affiliates and key managerial personnel. The company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

Transactions with related parties are as follows:

Commercial Transactions: During the years 2019 and 2018, the Company performed the following commercial transactions with its related parties:

Transactions with related parties:

(In thousand of USD)

For the year ended Decemeber 31, 2019			
Tata Sons Limited, its subsidiars and associates	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Total
Revenue from operations	50	-	50
Purchases of goods and services (including reimbursements)	5,978	1,013	6,991
Brand equity contribution	-	-	49

(In thousand of USD)

For the year ended Decemeber 31, 2018			
Tata Sons Limited, its subsidiars and associates	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Total
Revenue from operations	38	14	52
Purchases of goods and services (including reimbursements)	4,159	1,038	5,197
Brand equity contribution	-	-	134
Dividend paid		3,951	3,951

Notes forming part of the Financial Statements

Balances with related parties: During the years 2019 and 2018, the following balances were pending at the end of the reporting period:

Balances receivable from related parties:

(In thousand of USD)

	As at Decemeber 31, 2019			
	Tata Sons Limited, its subsidiars and associates	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Total
Trade receivables and unbilled revenue	-	14	13	27
Other financial assets and other assets	-	-	26	26
Total	-	14	39	52

(In thousand of USD)

As at Decemeber 31, 2018				
	Tata Sons Limited, its subsidiars and associates	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Total
Trade receivables and unbilled revenue	-	14	-	14
Total	-	14	-	14

Balances payable to related parties:

(In thousand of USD)

	As at Decemeber 31, 2019			
	Tata Sons Limited, its subsidiars and associates	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Total
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	201	546	441	1,188
Total	201	546	441	1,188

(In thousand of USD)

	As at Decemeber 31, 2018			
	Tata Sons Limited, its subsidiars and associates	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Total
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	152	1,302	449	1,903
Total	152	1,302	449	1,903

Notes forming part of the Financial Statements

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.

Compensation of key management personnel: Compensation paid to executives and other key members of management during the year was as follows:

	(In thousand of USD)	
	For the year ended December 31, 2019	For the year ended December 31, 2018
Short Term Benefits	787	887
	787	887

The above figures do not include provisions for encashable leave and retirement benefits, as separate actuarial valuation are not available.

18. SUBSEQUENT EVENT

Between December 31, 2019 and the date of issuing of the financial statements no additional events occurred that, in the opinion of Management, could have an important effect on the accompanying financial statements.

19. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended December 31, 2019 were approved by Company Management on February 28, 2020 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, 2019
(Including Independent Auditors' Report)**

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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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, 2019 and 2018, the statement of profit or loss and other comprehensive income (loss), changes in equity and cash flows for the years then ended, and accompanying notes from 1 to 15, 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 Standards 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 audits. we conducted our audits 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 audit 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, 2019 and 2018, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards issued by International Accounting Standards Board.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 2A of the financial statements, which indicates that the Company's revenue derive from services provided to only one customer whose contract ends in November 2020. As stated in Note, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Management estimates that the plans contract will be renewed through the Management's plan as well continue receiving the financial support of its Parent Company.

Lima, Peru

March 11, 2020

Countersigned by:

Juan Jose Cordova (Partner)

Peruvian Certified Public Accountant

Registration number 01-18869

Statement of Financial Position

(In thousands of soles)

	Note	As at December 31, 2019	As at December 31, 2018
ASSETS			
Current assets			
Cash	5.A	6,055	4,507
Trade receivables	5.B	17	675
Unbilled receivables		805	2,036
Other financial assets	5.C	141	232
Income tax assets (net)		398	461
Other assets	7.B	147	467
Total current assets		7,563	8,378
Non-current assets			
Deferred tax assets (net)	11	1,086	1,236
Property, plant and equipment	7.A	13	51
Right-of-use asset	6	422	-
Total non-current assets		1,521	1,287
TOTAL ASSETS		9,084	9,665
LIABILITIES			
Current liabilities			
Trade payables	7.C	898	2,097
Lease liabilities	6	429	-
Other financial liabilities	5.D	480	399
Unearned and deferred revenue		29	203
Employee benefit obligations	12.B	1,335	1,288
Other liabilities	7.D	1,167	808
Total current liabilities		4,338	4,795
TOTAL LIABILITIES		4,338	4,795
EQUITY			
Share capital	5.I	5,463	5,463
Retained earnings		(717)	(593)
Total equity		4,746	4,870
Total liabilities and equity		9,084	9,665

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Statement of Profit or Loss and Other Comprehensive Income

(In thousands of soles)

	Note	For the year ended December 31, 2019	For the year ended December 31, 2018
REVENUE FROM OPERATIONS	8	30,083	36,457
Operating expenses			
Employee benefits expenses	12.A	24,533	26,032
Depreciation and amortization expense	7.A	38	138
Depreciation - Leasehold buildings	6	507	-
Other operating expenses	9	4,857	6,730
TOTAL OPERATING EXPENSES		29,935	32,900
OPERATING PROFIT		148	3,557
Other income / (expense)			
Finance	10.A	(45)	1
Other (losses) / gains (net)	10.B	(1)	475
OTHER INCOME / (EXPENSE) (NET)		(46)	476
PROFIT BEFORE TAXES		102	4,033
Income tax expense	11	(236)	(1,193)
PROFIT OR LOSS FOR THE YEAR		(134)	2,840
Other comprehensive income / (loss), net of taxes			
Other comprehensive (loss) / income, net of taxes		-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		(134)	2,840

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Statement of changes in Equity for the year ended December 31, 2019

(In thousands of soles, except number of shares)

	Number of Shares	Share capital	Retained earnings	Total equity
Balance as at January 1, 2018	5,462,522	5,463	(3,433)	2,030
Profit or loss for the year	-	-	2,840	2,840
Total comprehensive income	-	-	2,840	2,840
Balance as at December 31, 2018	5,462,522	5,463	(593)	4,870
Balance as at January 1, 2019	5,462,522	5,463	(593)	4,870
Transition Impact of IFRS 16	-	-	10	10
Restated balance as at January 1, 2019	5,462,522	5,463	(583)	4,880
Loss for the year	-	-	(134)	(134)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(134)	(134)
Balance as at December 31, 2019	5,462,522	5,463	(717)	4,746

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Statement of Cash Flows

(In thousands of soles)

	Note	For Year ended December 31, 2019	For Year ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit or loss for the year		(134)	2,840
Adjustment to reconcile profit or loss to net cash provided by operating activities			
Depreciation and amortization expense	6 , 7A	545	138
Net gain /(loss) on disposal of property, plant and equipment		-	(430)
Income tax expense	11	236	1,193
Bad debts and advances written off, allowances for doubtful trade receivables and advances (net)		-	(131)
Operating profit before working capital changes		647	3,610
Net change in:			
Trade receivables		658	863
Unbilled receivables		1,231	(1,654)
Other financial assets		91	368
Other assets		320	47
Trade payables		(1,199)	(856)
Unearned and deferred revenue		(174)	(302)
Other financial liabilities		81	(50)
Other liabilities and provisions		406	(1,319)
Cash generated from operations		2,061	707
Taxes paid (net of refunds)		(27)	(75)
Net cash provided by operating activities		2,034	632
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment		-	(9)
Proceeds from disposal of property, plant and equipment		-	985
Net cash provided by investing activities		-	976
Cash flows from financing activities			
Repayment of lease liabilities		(486)	-
NET CASH USED IN FINANCING ACTIVITIES		(486)	-
Net change in cash and cash equivalents		1,548	1,608
Cash and cash equivalents at the beginning of the year		4,507	2,899
Cash and cash equivalents at the end of the year	5.A	6,055	4,507
Supplementary cash flow information			
Interest paid		(40)	-
Interest received		-	2

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Notes forming part of the Financial Statements

1. Corporate Information 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 is at Av. Aviación N° 2405 (11 floor), San Borja, 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 Pichincha

The Company entered into a “Technology and Operations Area Outsourcing” Framework Agreement with Banco Pichincha (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. Services to be provided were the following: Business Process Services (BPS) as back office, front office and Technology Services (IT), as Applications Maintenance and Development and Infrastructure Services.

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.

In March 1, 2018, the Company returned the front office services component to Banco Pichincha. Without this front office component, fixed monthly income was reduced to S/ 2,329 thousand corresponding to the baseline of the remaining services. The transfer was done through a simple reorganization modality for an agreed price of S/ 985 thousand.

Along with these services, any new requirement for BPS or IT services is managed through a new Scope of Work (SOW) that will have its own price and deliverables.

D. Approval of the financial statements

Financial statements as of December 31, 2019 were issued with Company’s Management approval on February 24, 2020, 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, 2018 were approved on a General Stockholders’ Meeting held in April, 2019.

2. Basis of Preparation of Financial Statements

A. Going concern basis of accounting and Management plans

The Company has accumulated losses of S/ 717 thousand as of December 31, 2019 (accumulated losses of S/ 593 thousand as of December 31, 2018). Also, the revenues derive from services provided to only one customer whose contract ends in November 2020. These events or conditions indicate a potential going concern uncertainty. Due to the active ongoing work from both parties to extend the services contract beyond the current agreed period, Management assessment on risk of no contract continuity is low. The Company has the financial support of its Parent Company.

Management’s plans to address continuity are the following:

- Constant communication channel with the client’s CEO and VP of Technology and Transformation to ensure the bank’s priorities are correctly addressed by Technology Outsourcing.
- Early work between the two parties to coordinate extension of services beyond 2020 started in the second semester of 2019. As a result, the first business proposals from Technology Outsourcing have been presented to the client and ongoing collaboration continues in order to improve the proposed services based on the client’s detailed business requirements.
- Agreed strategy to work in new transformational solutions. These value added projects are expected to improve the account profitability.

- Update contract Service Level Agreements (SLAs) in alignment with current client's business volumes and needs.
- Focus in business case profitability for the renewal of current services.
- Deploy software delivery tools to automate and simplify existing processes with the objective to optimize Technology Outsourcing's resources and reduce costs.

B. Compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB).

C. Basis of measurement

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.

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.

3. Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements 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 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, useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities and has been discussed below. Key source of estimation of uncertainty in respect of revenue recognition, employee benefits and fair value measurement of financial instruments have been discussed in their respective policies.

A. Revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to

Notes forming part of the Financial Statements

payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

- Revenue for fixed-price contracts is recognized using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- Contract fulfilment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalization. Such costs are amortized over the contractual period or useful life of the license, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

The policy has been explained under note 8.

B. 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.

C. 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 11.

D. 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 recognized in the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

E. Employee benefits

Compensated absences

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note (note 12).

F. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of

IFRS 16. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

G. Foreign currency

The functional currency of Technology Outsourcing S.A.C. 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

Notes forming part of the Financial Statements

items denominated in foreign currency are translated using the exchange rates effective at such date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in profit or loss. 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.

H. Unbilled receivables

Unbilled receivables are related to services rendered which will be billed in subsequent period as per the terms of the contract. Standard payment term is 30 days.

4. Newly issued IFRS not yet Adopted

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance contracts
Amendments to IFRS 10 and IAS 28].	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to IFRS Standards.	References to Conceptual Framework ¹
Amendments to IFRS 3.	Definition of Business ¹
Amendments to IAS 1 and IAS 8.	Definition of Material ¹

(1) Effective for annual periods beginning on or after January 1, 2020.

(2) Available for optional adoption/effective date deferred indefinitely.

• IFRS 17: Insurance contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2022. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. The Company does not expect that the IFRS 17 to have any impact on its financial statements.

• IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Company does not expect that the amendments to have any impact on its financial statements.

Notes forming part of the Financial Statements

- **IFRS Standards: References to conceptual framework**

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Amendments primarily either update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised Framework, with effect from January 1, 2020. The Company does not expect that the amendment to have any impact on its financial statements.

- **IFRS 3: Definition of business**

In October 2018, the IASB issued amendments Definition of a Business (Amendments to IFRS 3) to make it easier for companies to decide whether activities and assets they acquire are a business or merely a Company of assets. The amendments confirmed that a business must include inputs, narrowed the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities and added a test that makes it easier to conclude that a company has acquired a Company of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or Company of similar assets. The amendments primarily provide clearer application guidance. The Company does not expect that the amendment to have any impact on its evaluation of whether activities and assets acquired are a business or a Company of assets.

- **IAS 1 and IAS 8: Definition of material**

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

Obscuring

The existing definition only focused on omitting or misstating information, however, IASB concluded that obscuring material information with information that can be omitted can have a similar effect.

Could reasonably be expected to influence

The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.

Primary users

The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Company does not expect that the amendment to have any impact on its evaluation of 'material' in relation to its financial statements.

5. Financial Assets, Financial Liabilities and Equity 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.

Notes forming part of the Financial Statements

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 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 issued by the Company are recognized at the proceeds received net of direct issue cost.

Impairment of financial assets (other than at fair value)

The Company assesses at each date of statement of financial position whether a financial asset or a Company 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. 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.

A. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

(In thousands of soles)

	As at December 31, 2019	As at December 31, 2018
Cash at banks and in hand	6,055	4,507
Total	6,055	4,507

B. Trade Receivables

Trade receivables consist of the following:

(In thousands of soles)

	As at December 31, 2019	As at December 31, 2018
Trade receivables	17	698
Less: Allowance for doubtful trade receivables	-	(23)
Total	17	675

Notes forming part of the Financial Statements

C Other Financial Assets

Other financial assets consist of the following:

(In thousands of soles)

	As at December 31, 2019	As at December 31, 2018
Employee loans and advances	141	232
Total	141	232

D. Other Financial Liabilities

Other Financial liabilities consist of the following:

(In thousands of soles)

	As at December 31, 2019	As at December 31, 2018
Other current financial liabilities		
Accrued payroll	480	151
Security deposits	-	248
Total	480	399

E. Financial Instruments

The carrying value of financial instruments by categories as at December 31, 2019 is as follows:

(In thousands of soles)

	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Financial assets				
Cash and cash equivalents	-	-	6,055	6,055
Trade receivables	-	-	17	17
Unbilled Receivables	-	-	805	805
Other financial assets	-	-	141	141
Total	-	-	7,018	7,018
Financial liabilities				
Trade payables	-	-	898	898
Lease liabilities	-	-	429	429
Other financial liabilities	-	-	480	480
Total	-	-	1,807	1,807

Notes forming part of the Financial Statements

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

(In thousands of soles)

	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Total carrying value
Financial assets				
Cash and cash equivalents	-	-	4,507	4,507
Trade receivables	-	-	675	675
Unbilled Receivables	-	-	2,036	2,036
Other financial assets	-	-	232	232
Total	-	-	7,450	7,450
Financial liabilities				
Trade payables	-	-	2,097	2,097
Other financial liabilities	-	-	399	399
Total	-	-	2,496	2,496

Carrying amounts of cash and cash equivalents, trade receivables, unbilled revenues and trade payables as at December 31, 2019 and 2018 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets, other financial liabilities subsequently measured at amortized cost is not significant in each of the years presented.

F. Fair value hierarchy

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

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

G. Uncertainty over income tax treatments

IFRIC 23 clarifies how the Company applies the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

Uncertain tax liabilities or assets recognized applying IFRIC 23 are current tax liabilities or assets as defined in IAS 12, or deferred tax liabilities or assets as defined in IAS 12. Consequently, such tax balances are recorded as current or deferred tax assets or liabilities. They are not recorded as 'provisions' or in any items as 'other accounts receivable' or 'other accounts payable.'

The Company applied IFRIC 23 on current and deferred tax assets or liabilities when there was uncertainty over income tax treatments. The transition to and adoption of IFRIC 23 had no impact on the Company.

When there is uncertainty over income tax treatments, the Company shall consider whether it is probable that the Tax Authorities will accept an uncertain tax treatment used or planned to be used in its income tax filings. In assessing an uncertain tax treatment, the Company shall assume that the Tax Authorities will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

Notes forming part of the Financial Statements

The Company has adopted IFRIC 23 for the first time from January 1, 2019. As a result of the assessment, the Company considers that its tax contingencies are measured in accordance with IFRIC 23 requirements.

H. 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.

- *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 entity.

Considering the economic environment of the country in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in the country. The risks primarily relate to fluctuations in US Dollar against the respective functional currency of the company.

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 respective functional currency of the company.

The following analysis has been worked out based on the net exposures for the company as at the date of statement of financial position which could affect the statement of profit or loss and other comprehensive income and equity.

The following table sets forth information relating to foreign currency exposure (USD) as at December 31, 2019:

(In thousands of soles)

	As at December 31, 2019	As at December 31, 2018
Net financial assets	695	369
Net financial liabilities	267	947

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 taxes by approximately S / 43 thousand for the year ended December 31, 2019 and S/ 58 thousand for the year ended December 31, 2018.

- *Interest rate risk*

The Company is not exposed to interest rate risk as it does not have borrowings.

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.

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, cash and cash equivalents, bank deposits and other financial assets. Cash and cash equivalents include an amount of S/ 6,055 thousand and S/ 3,817 thousand held with a Peruvian bank having high quality credit rating which are individually in excess of 10% or more of the Company's total cash and cash equivalents as at 31 December, 2019 and 2018, respectively. 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 S/ 7,018 thousand and S/ 7,450 thousand as of December 31, 2019 and December 31, 2018, 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 December 31, 2019, there were no indications that any defaults will occur on trade receivables, unbilled revenues or other financial assets.

The Company's risk is concentrated in its principal client, Banco Pichincha, whose participation of total trade receivables and unbilled receivables for the years 2019 and 2018 was 96% and 100% respectively.

(In thousands of soles)

Banco Pichincha

As at December 31, 2019		As at December 31, 2018	
Total trade receivables & Unbilled receivable	%	Total trade receivables & Unbilled receivable	%
786	96%	2,731	100%

None of the other financial instruments of the Company result in material concentration of credit risk.

Geographic concentration of credit risk

Geographic concentration of trade receivables (net of allowances) and unbilled revenue is as follows:

(In thousands of soles)

India

Ibero America

As at December 31, 2019		As at December 31, 2018	
Amount	Gross %	Amount	Gross %
35	4.3%	19	0.7%
786	95.7%	2,692	99.3%

The Company uses an allowance matrix to measure the expected credit loss of trade receivables from customers.

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 Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities 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

(In thousands of soles)

December 31, 2019

Non-derivative financial liabilities

	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
Trade payables	898	-	-	-	898
Lease liabilities	429	-	-	-	429
Other financial liabilities	480	-	-	-	480
	<u>1,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,807</u>
December 31, 2018					
Non-derivative financial liabilities					
Trade payables	2,097	-	-	-	2,097
Other financial liabilities	399	-	-	-	399
	<u>2,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,496</u>

I. Share Capital

As of December 31, 2019 and 2018, 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, 2019 and 2018, the share capital amounts to S/ 5,463 thousand.

The share capital structure of the Company is as follows:

Individual equity interest (%)	Shareholders	Shareholders No.	Interest %
Up to 1	TCS Inversiones Chile Limitada	1	0.0000002
From 1.01 to 100	Tata Consultancy Services Chile S.A.	1	0.9999998
		2	1.00

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 and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

6. Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment

Notes forming part of the Financial Statements

losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in profit or loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognizes the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and profit or loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to IFRS 16

In January 2016, International Accounting Standards Board issued the final version of IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019.

IFRS 16 has replaced IAS 17 Leases, and its related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted IFRS 16, effective annual reporting period beginning January 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application (January 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on January 1, 2019.

- **Company as a lessee**

Operating leases

For transition, the Company has elected not to apply the requirements of IFRS 16 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying IFRS 16 to leases previously classified as operating leases under IAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying IAS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognized a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognized at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at January 1, 2019. Accordingly, a right-of-use asset of S/ 929,411 and lease liability of S/ 914,505 has been recognized. The cumulative effect on transition in

Notes forming part of the Financial Statements

retained earnings net of taxes is S/ 10,509 (including the deferred tax of S/ 4,397). The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per IAS 17 - Leases, were earlier reported under cash flow from operating activities. The Weighted average incremental borrowing rate of 4.37% has been applied to lease liabilities recognised in the statement of financial position at the date of initial application.

On application of IFRS 16, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at December 31, 2018 compared to the lease liability as accounted as at January 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of IFRS 16 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The details of the right- of – use asset held by the Company is as follows:

(In thousands of soles)

	Additions for the year ended December 31, 2019	Net carrying amount as at December 31, 2019
Building	-	422
	-	422

Depreciation on right – of – use asset is as follows:

(In thousands of soles)

	For the year ended December 31, 2019
Buildings	507
Total	507

i. Right of use assets

There are no Right-of-use assets related to leased properties that do not met the definition of investment properties are presented as Property, plant and equipment.

ii. Amounts recognised in profit or loss

(In thousands of soles)

2019 - leases under NIIF 16	For the year ended December 31, 2019
Interest on leases liabilities	40
Income from sub leasing right of use assets presented in other revenue	-
Expenses relating to short term leases	14
Expenses relating to leases of low value assets, excluding short term leases of low value assets	-

Notes forming part of the Financial Statements

(In thousands of soles)

2018 - Operating leases under NIC 17

Leases expense

590

Contingent rent expenses

-

Sub lease income presented in other revenue

-

iii. Amounts recognised in statements of cash flows

(In thousands of soles)

**For the year ended
December 31, 2019**

Total cash outflow for leases

540

iv. Extension options

There are no property leases that contain extension options that the Company may exercise till circumstances under its control.

v. Liabilities for financial leases

The terms and conditions of financial leases are as follows:

Lease liabilities	Currency	Nominal interest rate	Lease start date	Lease end date	Years	Nominal value	Book
Banco Pichincha - Office Premises (11th Floor)	Soles	6.15%	1-Mar-16	31-Oct-20	4.67	400,901	380,149
Banco Pichincha - Office Premises (12th Floor)	Soles	6.15%	1-Apr-17	31-Oct-20	3.59	400,901	380,149
Banco Pichincha - Office Premises (Miraflores)	Soles	6.15%	1-Mar-16	31-Oct-20	4.67	162,624	154,206

Lease contracts entered by the Company majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

7. Non-Financial Assets and Liabilities

A. 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 less residual values 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 assets	Method	Useful lives
Computer equipment	Straight line	4 years
Furniture and fixtures	Straight line	5 years
Office equipment	Straight line	5 years

Notes forming part of the Financial Statements

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

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 profit or loss.

Property, plant and equipment consist of the following:

(In thousands of soles)

	Computer equipment's	Furniture and fixtures	Office equipment's and other assets	Total
Gross block as of January 1, 2019	122	297	61	480
Purchases	-	-	-	-
Disposals	-	-	-	-
Gross block as at December 31, 2019	122	297	61	480
Accumulated depreciation as at January 1, 2019	122	259	48	429
Disposals	-	-	-	-
Depreciation for the year	-	30	8	38
Accumulated depreciation as at December 31, 2019	122	289	56	467
Net carrying amount as at December 31, 2019	-	8	5	13
Gross block as of January 1, 2018	259	1,105	782	2,146
Purchases	-	5	4	9
Disposals	(137)	(813)	(725)	(1,675)
Gross block as at December 31, 2018	122	297	61	480
Accumulated depreciation as at January 1, 2018	227	740	444	1,411
Disposals	(125)	(556)	(439)	(1,120)
Depreciation for the year	20	75	43	138
Accumulated depreciation as at December 31, 2018	122	259	48	429
Net carrying amount as at December 31, 2018	-	38	13	51

B. Other assets

Other assets consist of the following:

(In thousands of soles)

	As at December 31, 2019	As at December 31, 2018
Advances to suppliers	51	17
Prepaid expenses	96	52
Others	-	398
Total	147	467

Notes forming part of the Financial Statements

C. Trade payables

Trade payables consist of the following:

(In thousands of soles)

	As at December 31, 2019	As at December 31, 2018
Trade payables	573	1,049
Accrued expenses (a)	325	1,048
Total	898	2,097

(a) Trade invoices payable corresponds to provisions for services received but not billed.

D. Other Liabilities

Other liabilities consist of the followings:

(In thousands of soles)

	As at December 31, 2019	As at December 31, 2018
Advance received from customers	418	-
Indirect tax payable and other statutory liabilities	749	808
Total	1,167	808

8. Revenue from Operations

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

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

- Revenue from time and material and job contracts is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognized using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognized upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customization services rendered significantly modifies or customizes the software, these services and software are accounted for as a single performance obligation and revenue is recognized over time on a POC method.
- Revenue from the sale of distinct third party hardware is recognized at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Notes forming part of the Financial Statements

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognized when there are billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with IAS 37, the Company recognizes an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Revenue disaggregation by industry vertical is as follows:

(In thousands of soles)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Industry vertical		
Banking, financial & insurance	30,083	36,457
Total	30,083	36,457

Revenue disaggregation by geography is as follows:

(In thousands of soles)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Geography		
Ibero America	30,083	36,457
Total	30,083	36,457

Geographical revenue is allocated based on the location of the customers.

Revenue disaggregation by nature of services is as follows:

(In thousands of soles)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Nature of services		
Consultancy sevices	29,911	36,149
Sale of equipment and software licenses	172	308
Total	30,083	36,457

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the

Notes forming part of the Financial Statements

Company has applied the practical expedient in IFRS 15. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are futuristic and therefore subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc.). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is S/ 3,364 thousand out of which 67.12% is expected to be recognized as revenue within the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Movement in contract liabilities

(In thousands of soles)

	For the year ended December 31, 2019
Particulars	
Opening balance as on January 1, 2019	203
(-) Revenue recognised that was included in the contract liability balance at the beginning of the period	(127)
+ Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	(45)
+/- Translation	(3)
Closing balance as on December 31, 2019	28
Particulars	
Opening balance as on January 1, 2018	505
+ Revenue recognised during the year	(1,231)
- Invoices raised during the year	(924)
+/- Translation	5
Closing balance as on December 31, 2018	203

9. 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.

Notes forming part of the Financial Statements

Other operating expenses

(In thousands of soles)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Fees to external consultants and others	300	3,346
Facility expenses	1,063	1,700
Cost of equipment and software licenses	(240)	339
Travel expense	236	259
Communication expense	32	55
Bad debts and advances written off, allowance for doubtful trade receivable and advances (net)	(23)	(130)
Other expenses	3,489	1,161
Total	4,857	6,730

Expenses by function

(In thousands of soles)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Cost of revenue	27,543	30,209
Selling, general and administrative expenses	2,392	2,691
Total	29,935	32,900

10. Other Income / (Expense)

A. Finance

(In thousands of soles)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest income on bank deposits	-	2
Interest on lease liabilities	(40)	-
Others	(5)	(1)
Total	(45)	1

B. Other (losses)/ gains (net)

(In thousands of soles)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Net gain on disposal of property, plant and equipment	-	431
Net foreign exchange gains / (loss)	(3)	(25)
Others	2	69
Total	(1)	475

Notes forming part of the Financial Statements

11. 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 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.

Current income taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable 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. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

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

Deferred income taxes

The Company accounts for the deferred income taxes using the balance sheet approach. 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 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 carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Tax regime applicable to income tax

- A. The Company is subject to the Peruvian tax regime. As of December 31, 2019 and 2018, the corporate income tax is calculated on the basis of the net taxable income determined by the Company at a rate of 29.5%.

By means of Legislative Decree No. 1261, published on December 10, 2016 and effective January 1, 2017, the rate applicable to corporate income was modified to 29.5%.

The rates applicable to Corporate Income Tax for the last taxable years are as follows:

Until year 2014	30.0%
For years 2015 - 2016	28.0%
For year 2017 onwards	29.5%

However, 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.

- B. According to the tax legislation in force in Peru, non-domiciled subjects are taxed only for their income from Peruvian sources. Thus, in general terms the income obtained by subjects not domiciled for services provided in our country will be taxed with the Income Tax with a rate of 30% on a gross basis, as long as the application of an Agreement to Avoid Double Taxation (CDI). In this regard, Peru has currently signed CDIs with the Andean Community, Chile, Canada, Brazil, Portugal, Switzerland, Mexico and South Korea.

For the purposes of technical assistance services or digital services provided by non-domiciled subjects in favor of domiciled subjects, the place of provision thereof will be indistinct and in all cases it will be taxed with the Income Tax with a 15% rate and 30% on gross basis, respectively. The rate applicable to technical assistance services will be 15%, provided that the requirements set forth in the Income Tax Law are met. As indicated in the previous paragraph, the retention rate in these cases may vary or may even be unenforceable if the provisions of a current CDI are used.

Notes forming part of the Financial Statements

Income tax determination

The income tax expense consists of the following:

- C. The Company computed its taxable base for the years ended December 31, 2019 and 2018, and determined current income tax of S/ 90 thousand and S/ 459 thousand, respectively.

(In thousands of soles)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Current Tax		
Current tax expense for current year	1	459
Current tax benefit pertaining to prior years	89	-
	90	459
Deferred tax		
Deferred tax benefit	81	734
Deferred tax expense / (benefit) pertaining to prior years	65	-
	146	734
Total	236	1,193

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

(In thousands of soles)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Profit before taxes	102	4,033
Statutory income tax rate	29.50%	29.50%
Expected income tax expense	30	1,190
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax pertaining to prior years	154	-
Others (net)	52	3
Total income tax expense	236	1,193

Income tax assets

- D. Corresponds to payments made as a balance in favor of income tax that the Company may apply against the income tax generated in future.

Temporary tax on net assets

- E. The Company is subject to temporary tax on net assets whose taxable base is composed of the prior period adjusted net asset value less depreciations, amortizations, legal cash reserve, and provisions specific to credit risk. The tax rate is 0.4% for years 2019 and 2018 and is applied to the amount of net assets exceeding S/ 1,000,000. It may be paid in cash or in nine consecutive monthly installments. The paid amount can be used as a credit for 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 the event a remaining balance is not applied, its refund could be requested.

Notes forming part of the Financial Statements

Tax on financial transactions

- F. Tax on financial transactions (ITF) for the periods 2019 and 2018 was fixed at the rate of 0.005%. This tax is applied on charges and debits in bank accounts or movements of funds made through the financial system, unless the account is tax-exempt.

Transfer pricing

- G. For purposes of determining the income tax, transfer pricing with related parties and companies domiciled in territories with low or zero taxation shall be supported with documents and information on the valuation methods and the criteria used for their determination. Until fiscal year 2016, the formal obligations of Transfer Pricing were the presentation of a Transfer Pricing Sworn Statement and Technical Study.

By means of Legislative Decree 1312, published on December 31, 2016 and effective January 1, 2017, the following formal obligations were established to replace the former ones: (i) presentation of a Local File (if accrued income exceeds 2,300 tax units (UIT, for its Spanish acronym)), (ii) presentation of a Master File (if accrued income of the taxpayer exceeds 20,000 UIT) and (iii) presentation of a Country-by-Country Reporting (if previous year (2018) combined accrued revenues of the multinational group's Parent Company exceeds S/ 2,700,000,000 or € 750,000,000. The presentation of the Master File and the Country-by-country reporting are obligatory for transactions corresponding to year 2017 onwards.

By means of 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.

Tax regime applicable to sales tax

- H. Legislative Decree No. 1347, published on January 7, 2017 and effective July 1, 2017, established the possibility of reduction of one percentage point in the Sales Tax, provided that the goal of annual sales tax collection as of May 31, 2017, is reached, net of internal refunds of 7.2% of gross domestic product. In other words, if the aforementioned is met, the Sales Tax rate (including the municipal tax) will be reduced from 18% to 17%.

However, the estimated collection goal was not met at the end of the term, so the Sales Tax rate shall be held at 18%.

Tax assessment

- I. The Tax Authorities are entitled to audit and, if applicable, to correct the income tax calculated by the Company within the four years following the year of the tax return filing. The Company's income tax and sales tax returns for the years 2015 through 2019 are open for review by the Peruvian Tax Authorities.

Due to the possibility of various interpretations by the tax authority of the current legal regulation, it is not possible to determine, to date, whether a future tax audit will result or not in future liabilities; therefore, any taxes, surcharges and sanctions that might arise from eventual tax assessments would be applied to profit or loss of the period in which they are determined. However, it is the opinion of management and its legal advisors that any possible additional settlement of taxes would not be significant for the financial statements as of December, 31 2019 and 2018.

- J. The Company has conducted an assessment of the uncertain positions on tax treatments in accordance with IFRIC 23 and determined, based on its study of tax compliance and transfer prices, that its tax treatments are likely to be accepted by the tax authorities. The Interpretation had no impact on the financial statements of the Company.

Deduction of expenses or costs incurred in operations with non-domiciled individuals

- K. Legislative Decree No. 1369 requires that costs and/or expenses (including outbound interest) incurred with non-domiciled individuals must be paid effectively in order to be deducted in the year they were incurred. Otherwise, its impact on the determination of net income will be deducted in the year they are actually paid and the corresponding withholding will be applied.

Said regulation eliminate the obligation of paying the amount equivalent to the withholding over the amount accounted as costs and/or expenses.

Notes forming part of the Financial Statements

Measures to implement the General Anti-avoidance Rule provided in the Regulation XVI of Tax Code

- L. Legislative Decree 1422 sets up the procedure to implement the General Anti-avoidance Rule, mainly stating that: (i) it is applicable only in final audit procedures in which acts, events or situations that occurred since July 19, 2012, are reviewed; (ii) it is applicable only if there is a favorable opinion from a review committee composed of Tax Authorities' officers (such opinion is not appealable); and (iii) final audit procedures, in which the General Anti-avoidance Rule is applicable, are not subject to a one (01) year term to request information from the audited parties.

Likewise, as of the date of preparation of this note, the General Anti-avoidance Rule is not effective until the issuance of the relevant supreme decree setting the formal and substantial parameters of Regulation XVI of Tax Code.

Information related to ultimate beneficiaries

- M. In line with the regulations to strengthen the fight against tax evasion and avoidance, as well as against money laundering and terrorism financing, as of August 3, 2018, provisions introduced by Legislative Decree No. 1372 are currently in force. The aforementioned decree requires the presentation of information related to ultimate beneficiaries to the competent authorities by means of a sworn statement of the ultimate beneficiaries. Said statement shall disclose the names of the natural persons that effectively retain ownership or control. Thus, it is mandatory to report the following: (i) identification of the ultimate beneficiary; (ii) chain of title with its respective supporting documents; and (iii) identification of third parties that have said information, if applicable. Also, it states that the information related to the identification of the ultimate beneficiaries of legal persons and legal entities provided to the competent authorities within the framework of these standards neither violates professional secrecy nor is subject to restrictions on the disclosure of information arising from secrecy requirements under contracts or any regulatory provision.

Lastly, if the informative sworn statement with the information related to the ultimate beneficiary is not presented, the legal representatives of the entity that failed to comply with the presentation of said statement will assume the joint and several liabilities.

New accrual regulatory concept

- N. Legislative Decree No. 1425 introduced the definition of legal accrual for income tax purposes, establishing that income in the case of: a) transfer of goods occurs when: i) the change of control operates (according to IFRS 15); or ii) the transfer of risk to the acquirer occurs (Risk Theory established in the Civil Code), whichever comes first; and b) in the case of service provision, the degree of performance of the service has been established.

The new accrual legal concept is applicable to lessees for purposes of establishing the tax treatment of the expense associated with the lease agreements regulated by IFRS 16 (i.e. operating lease for tax purposes).

The concept matter of commentary will not be applicable for those entities that accrue their income or expenses for Income Tax according to tax provisions that establish a special (sectoral) accrual regime.

Subcapitalization

- O. From 2019 until December 31, 2020 the financial expense generated by indebtedness between independent and related parties is subject to the limit of undercapitalization of (3: 1 Debt-Equity Ratio) calculated at the end of the previous year.

From January 1, 2021, the financial expenses will be deductible up to the 30% limit of the tax EBITDA (Net Income - Compensation of Losses + Net Interest + Depreciation + Amortization) of the previous year. There are some exceptions to the application of this limitation in the case of banks, taxpayers with incomes not exceeding 2,500 UITs, infrastructure, public services, etc.

Significant components of net deferred tax assets and liabilities for the year ended December 31, 2019 are as follows:

Notes forming part of the Financial Statements

(In thousands of soles)

	Current year				
	Opening balance	Recognised in statements of profit or loss	Recognised in / reclassified other comprehensive income	Exchange difference	Closing Balance
Deferred tax assets / (liabilities) in relation to					
Property, plant and equipment and Intangibles	33	(6)	-	-	27
Provision for employee benefits	377	15	-	-	392
Operating loss carry forward	652	(66)	-	-	586
Transition impact of IFRS 16	-	4	(2)	-	2
Others	174	(95)	-	-	79
Total deferred tax asset / (liabilities)	1,236	(148)	(2)	-	1,086

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

(In thousands of soles)

	Previous Year				
	Opening balance	Recognised in statements of profit or loss	Recognised in / reclassified other comprehensive income	Exchange difference	Closing Balance
Deferred tax assets / (liabilities) in relation to					
Property, plant and equipment and Intangibles	157	(124)	-	-	33
Provision for employee benefits	638	(261)	-	-	377
Operating loss carry forward	1,135	(483)	-	-	652
Transition impact of IFRS 16	-	-	-	-	-
Others	40	134	-	-	174
Total deferred tax asset / (liabilities)	1,970	(734)	-	-	1,236

12. Employee Benefits

Employee cost consists of the following:

A. Employee benefits expenses

(In thousands of soles)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Salaries, incentives and allowances	22,651	23,902
Contribution to provident and other funds	1,773	1,925
Staff welfare expenses	109	205
Total	24,533	26,032

Notes forming part of the Financial Statements

B. Employee benefit obligations

(In thousands of soles)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Compensated absences	1,328	1,278
Other employee benefit obligations	7	10
Total	1,335	1,288

13. Contingencies and Guarantees

As of December 31, 2019 and 2018, there were no contingencies and guarantees.

14. Related Party Transactions

The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business.

Transactions with related parties are as follows

(In thousands of soles)

	Tata Sons Limited, its subsidiaries and associates	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Total
2019				
Purchases of goods and services (including reimbursements)	-	24	205	229
2018				
Purchases of goods and services (including reimbursements)	-	42	308	350

Balances receivable from related parties:

(In thousands of soles)

	Tata Sons Limited, its subsidiaries and associates	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Total
December 31, 2019				
Trade receivables and unbilled receivables	-	30	-	30
Total	-	30	-	30
December 31, 2018				
Trade receivables and unbilled receivables	-	19	-	19
Total	-	19	-	19

Notes forming part of the Financial Statements

Balances payable from related parties:

(In thousands of soles)

December 31, 2019

Trade payables, unearned and deferred revenue,
other financial liabilities and other liabilities

Total

Commitments

December 31, 2018

Trade payables, unearned and deferred revenue,
other financial liabilities and other liabilities

Total

Commitments

Tata Sons Limited, its subsidiaries and associates	Tata Consultancy Services Limited	Subsidiaries of Tata Consultancy Services Limited	Total
-	412	58	470
-	412	58	470
-	-	-	-
-	131	77	208
-	131	77	208
-	-	-	-

15. Subsequent Events

As of the closing of this report, there were no subsequent events to disclose.

TCS E-SERVE AMERICA, INC.

(Company Registration Number: 26-4254427)

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2019**

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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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 sheets as of December 31, 2019 and 2018, and the related statements of comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

For KPMG

Abhishek Gupta

Partner

License Number: CPA.0027683

Delhi, India

19 February 2020

Balance Sheet

(Amount in USD)

ASSETS:

Current assets

Cash and cash equivalents	3,435,600	3,339,155
Trade accounts receivables, net (Note 3)	8,996,966	6,286,805
Unbilled receivables (Previous Year: Unbilled revenue) (Note 4)	2,394,843	3,176,324
Advance income taxes, net	381,911	596,540
Other current assets (Note 5)	1,583,964	76,080

Total current assets

Non current assets

Property, plant and equipment, net (Note 6)	145,833	259,213
Deferred income taxes, net (Note 14)	110,872	52,799

Total non current assets

TOTAL ASSETS

LIABILITIES AND STOCKHOLDERS' EQUITY:

Current liabilities

Trade accounts payable and accrued expenses (Note 7)	4,960,086	7,246,784
Unearned and deferred revenue (Note 8)	1,359,457	117,417
Other current liabilities (Note 9)	78,403	119,104

Total current liabilities

Non current liabilities

Other liabilities (Note 10)	-	31,306

Total non current liabilities

Total liabilities

Stockholders' equity

Common stock (Note 11)	276,000	276,000

Par value USD 10 per share:

Authorized 27,600 shares

Issued and outstanding 27,600 shares

(December 31, 2018; 27,600 shares)

Retained earnings	10,376,043	5,996,305

Total stockholders' equity

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

	As at December 31, 2019	As at December 31, 2018
	3,435,600	3,339,155
	8,996,966	6,286,805
	2,394,843	3,176,324
	381,911	596,540
	1,583,964	76,080
	16,793,284	13,474,904
	145,833	259,213
	110,872	52,799
	256,705	312,012
	17,049,989	13,786,916
	4,960,086	7,246,784
	1,359,457	117,417
	78,403	119,104
	6,397,946	7,483,305
	-	31,306
	-	31,306
	6,397,946	7,514,611
	276,000	276,000
	10,376,043	5,996,305
	10,652,043	6,272,305
	17,049,989	13,786,916

[See accompanying notes to the Financial Statements](#)

On behalf of the Board

Latesh Sewani

Director and Treasurer

Narasimhan Srinivasan

Director

Statements of Comprehensive Income

(Amount in USD)

Net revenues (Note 16)

Operating expenses:

Employee cost (Note 12)

Depreciation (Note 6)

Other operating expenses (Note 13)

TOTAL OPERATING EXPENSES

OPERATING INCOME

Other income

Rent income

TOTAL OTHER INCOME, NET

INCOME BEFORE INCOME TAXES

Income taxes (Note 14)

NET INCOME

TOTAL COMPREHENSIVE INCOME

Year ended December 31, 2019	Year ended December 31, 2018
38,063,924	39,335,005
21,420,886	24,990,709
154,991	307,901
11,109,058	9,583,387
32,684,935	34,881,997
5,378,989	4,453,008
247,444	107,196
247,444	107,196
5,626,433	4,560,204
1,246,695	757,185
4,379,738	3,803,019
4,379,738	3,803,019

[See accompanying notes to the Financial Statements](#)

On behalf of the Board

Latesh Sewani

Director and Treasurer

Narasimhan Srinivasan

Director

Statements of Stockholders' Equity

(Amount in USD, except share data)

	Common Stock			
	Number of shares	Amount	Retained Earnings	Total Stock Holders Equity
Balance as at December 31, 2017	27,600	276,000	2,193,286	2,469,286
Total comprehensive income	-	-	3,803,019	3,803,019
Balance as at December 31, 2018	27,600	276,000	5,996,305	6,272,305
Total comprehensive income	-	-	4,379,738	4,379,738
Balance as at December 31, 2019	27,600	276,000	10,376,043	10,652,043

See accompanying notes to the Financial Statements

On behalf of the Board

Latesh Sewani

Director and Treasurer

Narasimhan Srinivasan

Director

Statements of Cash Flows

(Amount in USD)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income

Adjustments to reconcile net income to cash provided by operating activities:

Depreciation

Allowance for doubtful trade receivables and advances

Deferred income tax benefit

Change in operating assets and liabilities, net

Trade accounts receivables

Unbilled receivables (Previous Year: Unbilled revenue)

Advance income taxes

Other current assets

Trade accounts payables and accrued expenses

Unearned and deferred revenue

Other current liabilities

Other non current liabilities

Cash provided by operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property, plant and equipment

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash generated from financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

SUPPLEMENTARY CASH FLOW INFORMATION

Income tax paid

Payables for purchase of property, plant and equipment

Year ended December 31, 2019	Year ended December 31, 2018
4,379,738	3,803,019
154,991	307,901
196,243	-
(58,073)	(52,799)
4,672,899	4,058,121
(2,898,612)	(2,656,291)
781,481	(1,737,226)
214,629	(206,674)
(1,515,675)	14,265
(2,306,282)	2,258,834
1,242,039	(132,076)
(40,701)	25,877
(31,305)	(37,761)
118,473	1,587,069
(22,028)	(1,630)
(22,028)	(1,630)
-	-
-	-
96,445	1,585,439
3,339,155	1,753,716
3,435,600	3,339,155
1,090,138	1,019,890
39,759	20,175

See accompanying notes to the Financial Statements

On behalf of the Board

Latesh Sewani

Director and Treasurer

Narasimhan Srinivasan

Director

Notes to the financial statements

1. Corporate information

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 Private Limited (Previous year: Tata Sons Limited) is the ultimate holding company.

2. Summary of significant accounting policies

a. Basis of preparation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

b. Use of estimates and judgements

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 liabilities and contingent assets at the date of these financial statements and the reported amounts of revenues and expenses for the periods presented. Although these estimates are based on management's best knowledge of current events and actions that we may undertake in future, actual results may be different from those estimated. 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. Material estimates in these financial statements that are susceptible to change as more information becomes available includes revenue recognition, determination of useful lives of property, plant and equipment, income taxes, allowance for trade accounts receivables, employee benefits, provision and contingent liabilities.

c. Revenue recognition

The Company earns revenue primarily from providing business process outsourcing services for its customers primarily in banking, financial services and insurance domain.

Effective January 1, 2019, the Company has applied FASB ASU No. 2014-09 (ASC Topic 606) Revenue from Contracts with Customers, which replaces the most existing revenue recognition guidance. The core principle of Topic 606 is that an entity should recognize revenue for transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. The Company has adopted Topic 606 using the cumulative effect method. The effect of initially applying this Topic is recognised at the date of initial application (i.e.; January 1, 2019). The Topic is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information is not restated – i.e. the comparative information continues to be reported under ASC Topic 605. Refer note 2(c) – Summary of significant accounting policies – Revenue recognition in the Annual Financial Report of the Company for the year ended December 31, 2018 for revenue recognition policy as per ASC Topic 605. The impact of adoption of ASC Topic 606 on the financial statements of the Company is insignificant.

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.

Notes to Financial Statements

- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer.

Revenue from intercompany are recognized based on transaction price which is at arm's length.

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

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers could include periodic performance based payments and/or milestone based progress payments. Invoices are payable within contractually agreed credit period.

The Company recognizes an onerous contract provision when the unavoidable cost of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contract with customers by nature of services, industry verticals and geography.

Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment

Notes to Financial Statements

for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

- Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of the completion of the performance of the obligation.
- Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalization. Such costs are amortized over the contractual period or useful life of the licence whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

- d. Dividend income is recorded when the right to receive payment is established. Interest income is recognized using the 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 cost of the Company are broadly categorized into employee benefit expenses, depreciation and other operating expenses. Employee benefit expenses include employee salaries, incentives, allowances, contribution to various funds and staff welfare expenses. Other operating expenses mainly include cost of outsourced services, fees to external consultants, facility expenses, travel expenses, bad debts, communication expenses and other expenses. Other expenses is an aggregation of costs which are individually not material such as printing and stationery, bank charges, etc.

f. Foreign currency

The functional currency of the Company is US Dollar ("USD"). The reporting currency of the Company is USD.

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 taxes are recognized 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:

Federal and State taxes are computed in accordance with the tax laws applicable in The United States which is the jurisdiction in which the Company operates. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision and where the Company 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 tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be reversed or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of comprehensive income in the period of enactment of the change.

Uncertain tax positions are recognized using the more likely- than- not threshold determined solely based on technical merits that tax positions will sustain upon examination. Tax positions that meet the recognition threshold are measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement with relevant taxing authority.

The Company recognizes interest and penalties related to uncertain tax position in finance cost.

Notes to Financial Statements

h. Property, plant and equipment

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

Depreciation is provided for property, plant and equipment so as to expense the cost less residual value over their estimated useful lives. The estimated useful lives of assets are as follows:

Type of asset	Estimated Useful life
Computer equipment	4 years
Furniture and fixtures	5 years
Office equipment	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.

i. Trade accounts receivables

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the statements of cash flows. The Company maintains an allowance for doubtful accounts, resulting from the inability of our customers to make required payments. Allowances for doubtful accounts is provided as per the Company's policy. As per this policy, assessment of allowances 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 receivables.

j. Impairment of long- lived assets

Whenever events or circumstances indicate the carrying amount of long-lived assets may not be recoverable, the Company 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 Company recognizes an impairment loss as the difference between the carrying value of the asset and fair value. As of December 31, 2019 and December 31, 2018, none of the Company's long-lived assets were considered impaired.

k. Comprehensive income

Comprehensive income comprises other comprehensive income and net income.

l. Employee benefits

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.

The Company has a defined contribution plan qualifying under the pension scheme of Section 401(k) of Internal Revenue Code of United States of America. Eligible employees may elect to defer up to 50 percent of their total compensation each year, not to exceed the annual limitations established by the Internal Revenue Code.

m. 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 comprehensive income.

n. 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.

Notes to Financial Statements

o. Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

p. 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.

q. Recently adopted accounting pronouncements

- i) In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 supersedes the revenue recognition requirements in ASC Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance 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. To achieve that core principle, an entity is required to follow five steps which comprises of a) identifying the contract(s) with a customer; b) identifying the performance obligations in the contract; c) determining the transaction price; d) allocating the transaction price to the performance obligations in the contract and e) recognizing revenue when (or as) the entity satisfies a performance obligation. The ASU requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. The Company has adopted Topic 606 effective January 1, 2019 using cumulative effect method. The adoption did not have a material impact on the financial statements of the Company.
- ii) In January 2016, the FASB issued ASU 2016-01 Financial Instruments-Overall Recognition and Measurement of Financial Assets and Financial Liabilities, which makes targeted improvements to the accounting for, and presentation and disclosure of, financial instruments. ASU 2016-01 requires that most equity investments be measured at fair value with subsequent changes in fair value recognized in net income. The new standard also affects financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. In addition, in February 2018, the FASB issued ASU 2018-03, Technical Corrections and Improvements to Financial Instruments – Overall, Recognition and Measurement of Financial Assets and Financial Liabilities, to clarify certain aspects of ASU 2016-01. The provisions of ASU 2016-01 and ASU 2018-03 does not have any material impact on the financial statements of the Company.
- iii) In February 2018, as a result of the enactment of the Tax Act, the FASB issued ASU 2018-02 new accounting guidance on the Reclassification of Certain Tax Effects from accumulated other comprehensive income/(loss) ("ACOI") to retained earnings. These disproportionate income tax effect items are referred to as "stranded tax effects". The amendments in this update only relate to the reclassification of the income tax effects of the Tax Act. Other accounting guidance that requires the effect of changes in tax laws or rates to be included in net income is not affected by this update. The Company has adopted guidance effective January 1, 2019. The provisions of ASU 2018-02 does not have any impact on the financial statements of the Company.

r. Recently issued pronouncements

- i) In February 2016, FASB established Topic 842, "Leases", by issuing ASU No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The ASU requires extensive qualitative and quantitative disclosures, including with respect to significant judgments made by management. Subsequently, the FASB issued ASU No. 2017-13, in September 2017, ASU No. 2018-01, in January 2018, ASU No. 2018-10, in July 2018, ASU No. 2018-11, in July 2018, ASU No. 2018-20, in December 2018 which amends and clarifies ASU 2016-02. The ASU will be effective for the Company beginning January 1, 2020. Early adoption is permitted. The Company will use a modified retrospective adoption approach using a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption with the effective date as its date of initial application on January 1, 2020. The Company has concluded its assessment of adopting ASU No. 2016-02 and expects that this standard will not have a material effect on its financial statements. The assessment included reviewing existing leases and service contracts, which may include embedded leases. The Company is

Notes to Financial Statements

in the process of making necessary changes to its policies, processes, and internal controls as well as system enhancements to generate the information necessary for the new disclosures.

The Company has elected the “package of practical expedients,” which allows the Company not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs. The Company has also elected the practical expedient to use a single discount rate to a portfolio of leases with similar characteristics. The provisions of ASU 2016-02 does not have any material impact on the financial statements of the Company.

- ii) In June 2016, the FASB issued an update on Financial Instruments—Credit Losses (ASU 2016-13) Measurement of Credit Losses on Financial Instruments which (i) significantly changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model; and (ii) provides for recording credit losses on available-for-sale (AFS) debt securities through an allowance account. The update also requires certain incremental disclosures. The amendments in this update are effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The requirements of this ASU and its impact on the Company are currently being evaluated.
- iii) In August 2018, the FASB issued ASU No. 2018-13, “Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement.” The ASU modifies the disclosure requirements with respect to fair value measurements. The ASU is effective for the Company beginning January 1, 2020, including interim periods in fiscal year 2020. Early adoption is permitted. The Company is in the process of assessing the impact of the ASU on its results of operations, cash flows, financial positions and disclosures.

s. Reclassification

Certain reclassification has been made in the financial statements of the prior period to confirm the reclassification used in the current period. The impact of such reclassification in the financial statements is not material.

3. Trade accounts receivables

Trade accounts receivables comprise of the following:

	(Amount in USD)	
	As at December 31, 2019	As at December 31, 2018
Trade accounts receivables from related parties (Note 21)	7,855,668	5,487,821
Trade accounts receivables from others	1,329,749	798,984
Less: Allowances for doubtful trade receivables from others	(188,451)	-
Total	8,996,966	6,286,805

4. Unbilled receivables

Unbilled receivables comprise of the following:

	(Amount in USD)	
	As at December 31, 2019	As at December 31, 2018
Unbilled receivables from related parties (Note 21)	748,697	2,014,802
Unbilled receivables from others	1,646,146	1,161,522
Total	2,394,843	3,176,324

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5. Other current assets

Other current assets comprise of the following:

	(Amount in USD)	
	As at December 31, 2019	As at December 31, 2018
Prepaid expenses	18,713	12,378
Employee advances (net of allowances of USD 7,792 in current year and Nil in previous year)	3,977	54,916
Advance to suppliers	8,148	-
Contract assets from related parties (Note 21)	1,540,249	-
Others from related parties (Note 21)	12,877	8,786
Total	1,583,964	76,080

6. Property, plant and equipment, net

Property, plant and equipment at cost and accumulated depreciation were as under:

	(Amount in USD)	
	As at December 31, 2019	As at December 31, 2018
Computer equipment	926,327	892,641
Furniture, fixtures and equipment	1,227,175	1,219,844
Property, plant and equipment at cost	2,153,502	2,112,485
Less: Accumulated depreciation	(2,028,438)	(1,873,447)
Total	125,064	239,038
Add: Capital work in progress	20,769	20,175
Property, plant and equipment, net	145,833	259,213

Depreciation expense for the year ended December 31, 2019 and for the year ended December 31, 2018 was USD 154,991 and USD 307,901 respectively.

7. Trade accounts payable and accrued expenses

Trade accounts payable and accrued expenses comprise of the following:

	(Amount in USD)	
	As at December 31, 2019	As at December 31, 2018
Trade accounts payable to related parties (Note 21)	3,180,008	5,512,449
Trade accounts payable to others	55,354	129,913
Accrued expenses to related parties (Note 21)	142,877	323,301
Accrued expenses to others	555,469	233,915
Accrued payroll	917,828	957,976
Indirect taxes payable and other statutory liabilities	68,791	69,055
Capital creditors	39,759	20,175
Total	4,960,086	7,246,784

Notes to Financial Statements

8. Unearned and deferred revenue

Unearned and deferred revenue comprise of the following:

(Amount in USD)

Unearned and deferred revenue to related parties (Note 21)

Unearned and deferred revenue to others

Total

As at December 31, 2019	As at December 31, 2018
1,354,111	117,417
5,346	-
1,359,457	117,417

9. Other current liabilities

Other current liabilities comprise of the following:

(Amount in USD)

Rent escalation liability

Provision for volume discount

Others

Total

As at December 31, 2019	As at December 31, 2018
33,717	37,760
32,533	24,018
12,153	57,326
78,403	119,104

10. Other liabilities

Other liabilities comprise of the following:

(Amount in USD)

Rent escalation liability

Total

As at December 31, 2019	As at December 31, 2018
-	31,306
-	31,306

11. Stockholders' equity

27,600 common stock (100 percent) of USD 10 each are held by TCS e-Serve International Limited, the holding company. Tata Consultancy Services Limited is the intermediate holding company. Tata Sons Private Limited is the ultimate holding company.

Fully paid common stock, which have a par value of USD 10 each, carry one vote per share and have a right to dividends. In the event of liquidation of the Company, the holders of shares shall be entitled to receive any of the remaining assets of the Company, after distribution of the preferential amounts.

The Company does not have an employee stock option plan and no stock are reserved for issue under any such plan or for any contractual commitments.

Notes to Financial Statements

12. Employee cost

Employee cost comprises of the following:

(Amount in USD)

	Year ended December 31, 2019	Year ended December 31, 2018
Salaries, incentives and allowances	18,831,536	22,460,258
Contributions to defined contribution plan and other employee related funds	1,393,381	1,539,602
Staff welfare expenses	1,195,969	990,849
Total	21,420,886	24,990,709

13. Other operating expenses

Other operating expenses comprise of the following:

(Amount in USD)

	Year ended December 31, 2019	Year ended December 31, 2018
Cost of outsourced services	2,722,911	5,559,185
Fees to external consultants	6,680,943	2,456,029
Facility expenses	734,263	678,189
Travel expenses	182,585	370,027
Communication	239,233	251,221
Allowance for doubtful trade receivables and advances	196,243	-
Others	352,880	268,736
Total	11,109,058	9,583,387

13. Income taxes

The income tax expense consist of the following:

(Amount in USD)

	Year ended December 31, 2019	Year ended December 31, 2018
Domestic Taxes		
Current	1,304,768	809,984
Deferred	(58,073)	(52,799)
Total	1,246,695	757,185

In United States of America federal and state tax filings for the year ended March 31, 2016 and years following are generally subject to examination by the taxing authorities. The Company has no uncertain tax position as of December 31, 2019.

Notes to Financial Statements

Deferred tax assets and liabilities as at December 31, 2019 and December 31, 2018 consist of the following:

(Amount in USD)

	As at December 31, 2019	As at December 31, 2018
Compensated absences	49,699	60,236
Rent escalation liability	16,529	13,401
Depreciation on property, plant and equipment	5,734	-
Allowances for receivables, loans and advances	41,162	-
Brand equity contribution (Royalty)	1,283	-
Deferred tax asset	114,407	73,637
Depreciation on property, plant and equipment	-	15,467
Brand equity contribution (Royalty)	-	5,371
Prepaid expenses	3,535	-
Deferred tax liability	3,535	20,838
Net deferred tax asset	110,872	52,799

Movement in Valuation Allowance

The change in the total valuation allowance for deferred tax assets as at December 31, 2019 and 2018 is as follows:

(Amount in USD)

	As at December 31, 2019	As at December 31, 2018
Opening Valuation Allowance	-	248,797
Reduction during the year	-	(248,797)
Closing Valuation Allowance	-	-

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carry back and carry forward periods), projected future taxable income and tax planning strategies in making this assessment. Based upon the level of current taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of the deductible temporary differences. Accordingly, no valuation allowance is created in current year and previous year.

15. Retirement benefits

The Company has a defined contribution plan qualifying under Section 401(k) of Internal Revenue Code of United States of America. Eligible employees may elect to defer up to 50 percent of their total compensation each year, not to exceed the annual limitations established by the Internal Revenue Code. The Company's contributions were USD 222,594 for the year ended December 31, 2019; (for the year ended December 31, 2018: USD 238,020).

Notes to Financial Statements

16. Revenue

Revenue from operations comprises of consulting services.

Geographical revenue is allocated based on the location of the customers. Revenue disaggregation as per geography is as follows:

(Amount in USD)

	Year ended December 31, 2019	Year ended December 31, 2018
Revenue		
Americas	38,063,924	39,335,005
	38,063,924	39,335,005

The company has identified business segments ('industry verticals') as reportable segments. The business segments comprise:

1) Banking, Financial Services and Insurance and 2) Others comprising Energy, Resources and Utilities.

Revenue disaggregation as per industry verticals is as follows:

(Amount in USD)

	Year ended December 31, 2019	Year ended December 31, 2018
Revenue		
Banking, Financial Services and Insurance	38,054,993	39,335,005
Others	8,931	-
	38,063,924	39,335,005

While disclosing the aggregate amount of transaction price yet to be recognized as revenue towards unsatisfied or partially satisfied performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in ASC 606. Accordingly, the Company has applied practical expedient of not disclosing the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is USD 25,358,598 out of which 64.26 percent is expected to be recognized as revenue within the next one year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract asset are as follows:

(Amount in USD)

	Year ended December 31, 2019
Balance at the beginning of the year *	1,241,552
Revenue recognised during the year	3,856,088
Invoices raised during the year	(3,557,391)
Balance at the end of the year	1,540,249

*For the year ended December 31, 2018, contract assets were presented as part of unbilled revenue.

Notes to Financial Statements

Changes in unearned and deferred revenue are as follows:

(Amount in USD)

Balance at the beginning of the year

Revenue recognised that was included in the unearned and deferred revenue balance at the beginning of the year.

Increase due to invoicing during the year, excluding amounts recognised as revenue during the year

Balance at the end of the year

Year ended December 31, 2019
117,417
(117,417)
1,359,457
1,359,457

Information about major customers

Customers contributing 10 percent or more of Company's total revenue are as follows:

	Year ended December 31, 2019		Year ended December 31, 2018	
	Amount in USD	%	Amount in USD	%
Customer A	23,651,113	62.12	21,432,090	54.49
Customer B	11,776,483	30.94	5,788,396	14.72

17. Leases

The Company has leased properties under operating lease arrangements. Rent expenses for operating leases are recognized on straight line basis over the minimum lease term.

Operating lease rent expenses for the period ended December 31, 2019 and year ended December 31, 2018 were USD 387,462 and USD 488,578 respectively.

Sublease income (including common area maintenance cost) from related parties for the period ended December 31, 2019 and year ended December 31, 2018 amounted to USD 247,444 and USD 107,196 respectively.

Future minimum lease rental commitments towards non-cancellable operating leases are as follows:

(Amount in USD)

Total minimum lease commitments

Year ending December 31, 2020
249,422
249,422

18. Fair value measurement

The Company adopted ASC 820, Fair Value Measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). ASC 820 classifies the input used to measure fair value into the following hierarchy.

Level I: Unadjusted quoted market price in active market

Level II: Unadjusted quoted prices in active markets for similar assets or liabilities or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active or inputs other than quoted prices that are observable for the asset or liability.

Level III: Unobservable inputs for the assets or liability.

Notes to Financial Statements

The Company's financial instruments includes cash and cash equivalents, trade accounts receivables, unbilled receivables (Previous year: unbilled revenue), employee advances, other receivables, trade accounts payable, accrued expenses, accrued payroll, capital creditors and provision for volume discount which are carried at cost and approximates their fair value because of their short term maturity. Such financial instruments are classified as current and are expected to be liquidated within the next twelve months. The carrying value of these obligations approximates their fair value.

The company adopted the provisions of ASC 825 "The Fair value Option for Financial assets and Financial Liabilities". ASC 825 gives the Company the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. The company has not elected the irrevocable option to report its financial assets and financial liabilities at fair value.

19. Concentration of credit risk

Concentration of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counter parties whose aggregate credit exposures is material in relation to the Company's total credit exposure.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalent, trade accounts receivables, unbilled revenues and contract assets.

TCS e-Serve America, Inc. has a customer concentration of risk as 93 percent of the revenues (for the year ended December 31, 2018: 69 percent) and 95 percent of trade accounts receivables, unbilled receivables (Previous year: unbilled revenue) and contract assets (as at December 31, 2018: 91 percent) are from two customers.

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 balances with bank.

20. Capital commitments

The Company has contractually committed USD 3,513 and USD Nil as at December 31, 2019 and December 31, 2018 respectively for purchase of property, plant and equipment.

21. Related party transactions

The Company's principal related parties consists of its holding company, TCS e-Serve International Limited, ultimate holding company, Tata Sons Private Limited and intermediate holding company, Tata Consultancy Services Limited and its subsidiaries.

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
TCS e-Serve International Limited (TEIL)	Holding Company
Tata Consultancy Services Limited (TCS)	Intermediate Holding Company
Tata Sons Private Limited (Previous year: Tata Sons Limited)	Ultimate Holding Company

(b) Fellow Subsidiaries with whom the Company has transactions (subsidiaries of TCS)

Name of the enterprise
Tata America International Corporation
CMC Americas Inc.

Notes to Financial Statements

The Company's related party balances and transactions are as follows:

A. Transactions with related parties:

(Amount in USD)

Nature of transactions	Year ended December 31, 2019				
	With Tata Sons Private Limited	With TCS	With Subsidiaries of TCS	With TEIL	Total
Rent expense	-	-	97,790	-	97,790
Rent income	-	20,934	-	226,510	247,444
Expenses reimbursed to related party	-	13,002,369	182,337	-	13,184,706
Expenses reimbursed from related party	-	959,810	124,285	373,786	1,457,881
Purchase of goods and services	-	2,706,897	-	(43,907)	2,662,990
Revenue from consultancy services	-	23,651,113	-	-	23,651,113
Brand equity contribution	35,296	-	-	-	35,296

(Amount in USD)

Nature of transactions	Year ended December 31, 2018				
	With Tata Sons Limited	With TCS	With Subsidiaries of TCS	With TEIL	Total
Rent expense	-	-	8,280	-	8,280
Rent income	-	107,196	-	-	107,196
Expenses reimbursed to related party	-	10,082,536	82,822	-	10,165,358
Expenses reimbursed from related party	-	273,017	22,869	199,422	495,308
Purchase of goods and services	-	5,527,920	-	-	5,527,920
Revenue from consultancy services	-	21,432,090	5,173,280	-	26,605,370
Brand equity contribution	44,782	-	-	-	44,782

Notes to Financial Statements

B. Balances with related parties:

(Amount in USD)

	As at December 31, 2019				
	With Tata Sons Private Limited	With TCS	With Subsidiaries of TCS	With TEIL	Total
Balances payables to related parties					
Trade accounts payable	59,671	3,070,165	50,172	-	3,180,008
Unearned revenue	-	1,354,111	-	-	1,354,111
Accrued expenses	-	142,877	-	-	142,877
Balances receivable from related parties					
Trade accounts receivables	-	7,544,135	30,238	281,295	7,855,668
Unbilled Receivables	-	748,697	-	-	748,697
Other current assets	-	1,553,126	-	-	1,553,126

(Amount in USD)

	As at December 31, 2018				
	With Tata Sons Limited	With TCS	With Subsidiaries of TCS	With TEIL	Total
Balances payables to related parties					
Trade accounts payable	81,914	5,403,375	27,160	-	5,512,449
Unearned revenue	-	117,417	-	-	117,417
Accrued expenses	-	323,301	-	-	323,301
Balances receivable from related parties					
Trade accounts receivables	-	5,294,610	(9,946)	203,157	5,487,821
Unbilled revenue	-	2,014,802	-	-	2,014,802
Other current assets	-	8,786	-	-	8,786

22. SUBSEQUENT EVENTS

TCS e-Serve America, Inc. has evaluated subsequent events from the balance sheet date through February 19, 2020 the date on which the financial statements were available for issue, and determined that there is no material event to be disclosed.

On behalf of the Board

Latesh Sewani

Director and Treasurer

Narasimhan Srinivasan

Director

TCS Safe Harbor Clause

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 global IT services companies, various factors which may affect our profitability, 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 cross-border 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, pandemics, natural disasters and general economic conditions affecting our industry. TCS may, from time to time, make additional written and oral forwardlooking 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.

IT Services
Business Solutions
Consulting