

INDEPENDENT AUDITOR'S REPORT

To the members of Tcube Software Solutions Private Limited (Formerly Data Cube Solutions Private Limited)

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Tcube Software Solutions Private Limited (formerly Data Cube Solutions Private Limited) ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other comprehensive Income) the Cash Flow Statement and the statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance 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- read with the Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 (the Order) issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Companies Act, 2015, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss(Including other comprehensive Income) and the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account

- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued there under.
- e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to adequacy of Internal Financial Controls over financial reporting of the company and the operative effectiveness of such control, the company has, in all material respects an adequate internal financial control systems over financial reporting were operating effectively as at 31st march, 2018.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company does not have any pending litigations which would impact its financial position
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

Place: Bhubaneswar
Date : 23rd July 2018

For R.C.Pradhan & Co.
Chartered Accountants
FRN. 325584E



CA R.C.Pradhan
Partner
M.No. 062336



Annexure A to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the Ind AS financial statements of the Company for the year ended March 31, 2018:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
 - (c) The title deeds of immovable properties are held in the name of the company.
- 2) The The Company does not hold any inventory and accordingly clause 3(ii) of the Order are not applicable.
 - 3) 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) to (C) of the Order are not applicable to the Company and hence not commented upon.
 - 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
 - 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
 - 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
 - 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Service Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable.
 - b) According to the information and explanation given to us, there are no dues of income tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) The Company has not taken any loan either from banks or financial institutions or from the government and has not issued any debentures.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

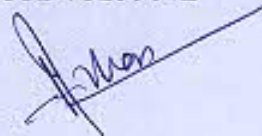
15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For R.C.Pradhan & Co.

Chartered Accountants

FRN. 325584E



Place: Bhubaneswar

Date: 23rd July 2018

CA R.C.Pradhan

Partner

M.No. 062336

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Balance sheet

as at 31 March 2018

(Currency : INR)

	Note	31 March 2018	31 March 2017	31 March 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	20,353,023	6,862,511	12,343,873
Intangible assets	4	569,203	8,879,376	6,895,075
Financial assets				
Investments		-	-	-
Loans		-	-	-
Others	5	4,411,153	115,309	14,268
Deferred tax assets (net)	6	2,434,926	(671,146)	422,118
Income tax assets (net)		42,735,927	28,808,423	1,792,350
Other non-current assets	7	-	6,768,088	4,217,200
Total non-current assets		70,773,232	59,702,561	25,684,884
Current Assets				
Financial Assets				
Trade receivables	8	32,664,730	10,987,925	3,829,179
Cash and cash equivalents	9	6,420,445	16,116,671	7,215,092
Other current assets	10	7,509,092	25,694	628,775
Total current assets		46,594,268	27,134,250	11,673,056
TOTAL ASSETS		117,367,500	77,836,851	37,357,990
EQUITY AND LIABILITIES				
Equity				
Equity share capital	11	250,000	250,000	250,000
Other equity		65,642,220	41,979,043	12,066,381
Equity attributable to equity holders of the parent		65,892,220	42,229,043	12,316,381
Total equity		65,892,220	42,229,043	12,316,381
Non-current liabilities				
Other non-current liabilities	12	4,099,114	-	-
Deferred tax		-	-	-
Total non-current liabilities		4,099,114	-	-
Current liabilities				
Financial liabilities				
Trade and other payables	13	-	-	-
- Due to micro and small enterprises		-	-	-
- Due to other than micro and small enterprises		305,303	844,442	4,550,060
Others	14	1,655,325	115,162	7,024,474
Other current liabilities	15	3,853,165	5,147,840	5,705,821
Provisions	16	1,893,742	-	-
Income tax liabilities (net)		40,467,631	29,300,364	7,761,152
Total current liabilities		47,376,166	35,607,808	25,041,507
Total liabilities		51,475,280	35,607,808	25,041,507
TOTAL EQUITY AND LIABILITIES		117,367,500	77,836,851	37,357,990

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For R.C. Pradhan & Co.
Chartered Accountants
Firm's Registration No. 325584E

CA R.C. Pradhan
Partner
Membership No. 062336
Place : Bhubaneswar

Date 23rd July 2018



For and on behalf of the Board of Directors of
TCube Software Solutions Pvt. Ltd.

Srinivasa Rao Kandula
Director
DIN: 07412426
Place : Bengaluru
Date : 20th July 2018

Mukund Srinath
Director
DIN: 06025017
Place : Bengaluru
Date : 20th July 2018

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Statement of Profit and Loss
for the period ended 31 March 2018

(Currency - INR)

	Note	Year ended		
		31 March 2018	31 March 2017	31 March 2016
Revenue from operations	17	231,466,832	254,715,408	143,991,662
Other income, net	18	364,533	1,728,139	359,783
Total Income		231,831,365	256,443,547	144,351,445
Expenses				
Employee benefits expense	19	161,848,160	155,687,056	86,053,441
Finance costs	20	9,748	-	-
Depreciation and amortization expenses	21	7,214,748	9,243,894	1,664,411
Other expenses	22	27,631,135	41,426,743	23,968,316
Total expenses		196,703,891	207,467,693	111,686,268
Profit/(loss) before Tax		35,127,481	49,005,924	32,675,177
Exceptional items		-	-	-
Profit before tax		35,127,481	49,005,924	32,675,177
Tax expense:	23			
Current tax		11,101,375	18,566,000	11,160,000
- in respect of earlier years		(626,825)	-	-
Deferred tax credit		(3,015,885)	-	-
Earlier period Deferred tax credit		-	1,393,264	(426,275)
Profit for the year		26,678,916	29,912,660	21,911,452
Other comprehensive income				
A (i) Items that will not be reclassified subsequently to Statement of profit or loss				
Remeasurements of the defined benefit plans (net)		(233,984)	-	-
B (i) Items that will be reclassified subsequently to Statement of profit or loss				
Exchange differences on translation of foreign operations		-	-	-
Total comprehensive income / (loss), net of tax		(233,984)	-	-
Total comprehensive income for the period		26,444,932	29,912,660	21,911,452
Earnings per equity share				
Nominal value of share Rs. 10 (31 March 2017: Rs. 10)				
Basic and diluted		1,057.88	1,196.51	876.46
Number of shares		25,000	25,000	25,000

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

For R.C. Pradhan & Co.
Chartered Accountants
Firm's Registration No. 523184c

CA R.C. Pradhan
Partner
Membership No. 952336
Place: Bhubaneswar

Date: 23rd July 2018



For and on behalf of the Board of Directors of
TCube Software Solutions Pvt. Ltd.

Srinivasa Rao Kandula
Director
DIN: 07412426
Place: Bengaluru
Date: 20th July 2018

Mahesh Srinath
Director
DIN: 00025017
Place: Bengaluru
Date: 20th July 2018

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

CASH FLOW STATEMENT

(Currency : INR)

	For the year ended 31 March 2018	For the year ended 31 March 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	35,127,481	49,005,924
Adjustments for:		
Depreciation expense	7,214,748	9,343,894
Interest income	28,092	226,932
Operating profit before working capital changes	42,370,321	58,576,750
Changes in working capital:		
Decrease in trade payables	(539,139)	(3,705,618)
Increase in current provisions	1,093,742	-
Decrease in non-current provisions	(1,106)	-
Increase/ (Decrease) in other financial liabilities	1,541,163	(6,909,312)
Decrease in other current liabilities	(1,494,675)	(357,981)
Decrease in other non-current liabilities	(4,529,827)	(101,041)
Decrease in trade receivables	(21,676,805)	(7,158,786)
Decrease in other financial assets	4,099,114	-
(Increase)/ Decrease in other current assets	(7,479,398)	599,081
(Increase)/ Decrease in other non-current assets	6,708,088	(2,490,887)
Cash generated from operations	20,091,477	38,452,206
Taxes paid (net of refunds)	(14,015,691)	(26,809,718)
Net cash generated from operating activities	6,075,786	11,642,488
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(12,666,087)	(5,846,833)
Proceeds from sale of fixed assets	-	-
Net cash used in investing activities	(12,666,087)	(5,846,833)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Gratuity adjustment passed through retained earnings	(3,105,924)	3,105,924
Net cash used in financing activities	(3,105,924)	3,105,924
Net increase in cash and cash equivalents	(9,696,224)	8,501,579
Cash and Cash equivalents at the beginning of the year	16,116,671	7,215,092
Effect of exchange differences on balances with banks in foreign currency	-	-
Cash and Cash equivalents at the end of the year	6,420,447	16,116,671
Cash and cash equivalents comprise of:		
Cash on hand	-	-
Balances with Banks	6,420,446	16,116,671
	6,420,446	16,116,671

This is the Cash Flow Statement referred to in audit report of even date

For R.C.Pradhan & Co.
Chartered Accountants
Firm's Registration No: 325584E

CA R.C.Pradhan

Partner
Membership No. 062336
Place : Bhubaneswar

Date: 20th July 2018



For and on behalf of the Board of Directors of
TCube Software Solutions Pvt. Ltd.

Srinivasa Rao Kandula

Director
DIN: 07412426
Place : Bengaluru
Date : 20th July 2018

Mukund Srinath

Director
DIN: 00025017
Place : Bengaluru
Date : 20th July 2018

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Statement of Changes in Equity (SOCIE)

for the period ended 31 March 2018

(Currency: INR)

(a) **Equity share capital**

Equity share at the beginning	250,000
Increase in share capital on account of issue of equity shares	-
Equity share capital balance at the end	250,000

(b) **Other equity**

Particulars	Attributable to the equity holders of the parent			Total Other equity
	Reserves and Surplus			
	Gratuity adjustment	Retained earnings	Re-measurements of the defined benefit plans	
Balance at March 31, 2017	-	41,979,043	-	41,979,043
Gratuity net of taxes	-	-	(233,984)	(233,984)
Profit for the year	-	26,678,916	-	26,678,916
Other comprehensive income for the year	(2,781,755)	-	-	(2,781,755)
Total comprehensive income for the year	(2,781,755)	26,678,916	(233,984)	23,663,177
Balance at March 31, 2018	(2,781,755)	68,657,959	(233,984)	65,642,220

(b) **Other equity (continued)**

Particulars	Attributable to the equity holders of the parent			Total Other equity
	Reserves and Surplus			
	Gratuity adjustment	Retained earnings	Re-measurements of the defined benefit plans	
Balance at April 1, 2017	-	12,066,383	-	12,066,383
Other movements	-	-	-	-
Profit for the year	-	29,912,660	-	29,912,660
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	29,912,660	-	29,912,660
Balance at March 31, 2018	-	41,979,043	-	41,979,043

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

For R.C. Pradhan & Co.
Chartered Accountants
Firm's Registration No: 325584E

For and on behalf of the Board of Directors of
TCube Software Solutions Pvt. Ltd.




CA R.C. Pradhan
Partner
Membership No: 062336
Place: Bhubaneswar
Date: 23rd July 2018



Srinivasa Rao Kandala
Director
DIN: 07412426
Place: Bengaluru
Date: 20th July 2018



Mukund Srinath
Director
DIN: 00025017
Place: Bengaluru
Date: 20th July 2018

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements for the period ended 31 March 2018

(Currency : INR)

1 Corporate overview

TCube Software Solutions Private Limited (formerly Data Cube Solutions Private Limited) ('the company'). The Company has setup offshore research and development centre in India, which primarily provides various Software development, and other services and services incidental thereto, to it's onsite clients.

On 25th October 2017, Capgemini Technology Services India Limited (CTSIL) (formerly known as IGATE Global Solutions Limited) acquired 24,998 shares of TCube Software Solutions Pvt Ltd, a Company engaged in providing IT and ITES.

2 Significant accounting policies

a) Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 ("the Act") and other relevant provisions of the Act. The standalone financial statements of the Company for all periods up to and including the year ended 31 March 2016, are prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under Section 133 of the Companies Act, 2013 ("Act") and other relevant provisions of the Act. As these are the first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First time adoption of Indian Accounting Standards has been applied.

All amounts included in the financial statements are reported in Indian rupees (INR) except share and per share data, unless otherwise stated.

Transition to Ind AS:

For the purposes of reporting, the Company has transitioned the basis of accounting from Indian generally accepted accounting principles ("IGAAP") which was the previous GAAP, to Ind AS. The accounting policies have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the "transition date").

In preparing the opening Ind AS balance sheet, the Company has made Nil adjustments to amounts reported earlier in financial statements prepared in accordance with IGAAP.

b) Functional currency and presentation currency

These financial statements are prepared in Indian Rupees (INR) which is also the Company's functional currency.

c) Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include estimates of contract costs to be incurred to complete software development project, provision for taxes, employee benefit plans, provision for doubtful debts and advances and estimated useful life of Property, plant and equipment. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the year ended 31 March 2018

(Currency: INR)

2 Significant accounting policies (Continued)

c) Use of estimates (Continued)

Taxes

The Company provides for tax considering the applicable tax regulations and based on reasonable estimates. Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

Allowance for Trade receivable

The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on Trade receivables (including lease receivables). For the purpose of measuring lifetime ECL allowance for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

Useful life of Property, Plant and Equipment

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment of Non-financial assets

Non-financial assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. 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).

Provisions and Contingent Liabilities

Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the year ended 31 March 2018

(Currency : INR)

2 Significant accounting policies (Continued)

d) Current-non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle,
- it is held primarily for the purpose of being traded,
- it is expected to be realised within 12 months after the reporting date, or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets
All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the company's normal operating cycle,
- it is held primarily for the purpose of being traded,
- it is due to be settled within 12 months after the reporting date, or
- the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities
All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents, generally twelve month is considered as operating cycle.

e) Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, including import duties and other non-refundable taxes or levies and directly attributable costs of bringing the asset to its working condition for the intended use and estimated costs of dismantling the assets at the site at which it is located. Trade discounts and rebates, if any, are deducted while computing the cost.

Property, plant and equipment acquired wholly or partly with specific grant / subsidy from government are recorded at the fair value as on the agreement date.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repairs and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is disposed.

f) Capital work in Progress:

The cost of property, plant and equipment not ready for use before the balance sheet date is disclosed as capital work-in-progress. Advances paid towards the acquisition of property, plant and equipment outstanding as at balance sheet date is disclosed under Other non-current assets.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the year ended 31 March 2018

(Currency : INR)

2 Significant accounting policies (Continued)

g) Depreciation on property, plant and equipment

The Company has provided for depreciation using straight line method over the useful life of the assets as estimated by management. Pursuant to a change in business strategy and macro-economic, the Company had revised its estimate of useful life for fixed assets with effect from 1 January 2016 other than assets acquired by the Company pursuant to amalgamation. The revised useful lives are applicable for assets capitalised on or after 1 January 2016.

Gross block	Assets capitalized
Leasehold Land	Over the lease period
Buildings	30 years
Leasehold Improvements	Lower of lease period or primary lease period
Computers	3-5 years
Furniture and fixtures	7 years
Office equipment	7 years

h) Intangible assets

Acquired intangible assets

Intangible assets acquired separately are initially recognized at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over the estimated useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

Computer software held for use in business purpose is amortized over an estimated useful life of 3 - 5 years or the period of licenses, whichever is lower.

i) Leases

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the incremental borrowing rate.

Payments made under operating leases are generally recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the year ended 31 March 2018

(Currency : INR)

2 Significant accounting policies (Continued)

i) Impairment of Property, plant and equipment

Property, plant and equipment which are not yet available for use are tested for impairment annually. Other Property, plant and equipment (tangible and intangible) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangibles mandatorily tested annually for impairment, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill is allocated to CGUs only when the allocation can be done on a reasonable and consistent basis. If this requirement is not met for a specific CGU under review, the smallest CGU to which the carrying amount of goodwill can be allocated on a reasonable and consistent basis is identified and the impairment testing carried out at that level.

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. 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.

Impairment losses are recognized in the Statement of Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is recognized in the revaluation reserve.

ii) Revenue recognition

The Company primarily derives revenue from rendering IT, IT related services and business process outsourcing services. The Company recognises revenue when the significant terms of the engagement are enforceable, services have been delivered and the collectability is reasonably assured. Reimbursements of out of pocket expenses received from customers have been included as a component of revenues. The method of recognising revenue depends on the nature of services rendered.

(i) Time and material contracts

Revenues from time and material contracts is recognized as the related services are rendered.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the year ended 31 March 2018

(Currency : INR)

2 Significant accounting policies (Continued)

k) Revenue recognition (Continued)

(ii) Fixed price contracts

Revenue from fixed-price development contracts is recognized using the percentage of completion method, under which the contract performance is determined by relating the actual costs incurred to date to the estimated total costs for each contract. The cost incurred (or input) method is used to measure progress as there is a direct relationship between input and productivity. If the Company does not have a sufficient basis to measure the progress of completion or to eliminate the total contract revenue and costs, revenue is recognized only to the extent contract costs incurred, for which recoverability is probable. Any anticipated losses expected upon contract completion are recognized immediately.

(iii) Unbilled revenue and Billing in advance

Unbilled revenue represents cost and earnings in excess of billings as at the end of the reporting period. Billing in advance represents billings in excess of revenue recognised. Advance payments received from customers for which no services have been rendered are disclosed as 'Advances from customers'.

(iv) Others

Revenue from contracts with amounts to be billed on monthly basis is recognized as the related services are rendered. Revenue from transaction-based contracts is recognized on rendering of the services as per the terms of the contracts.

Revenue from services rendered to the holding company, ultimate holding company and fellow subsidiaries is recognized on a cost plus mark-up basis determined on arm's length principle as and when the related services are rendered.

Revenue from maintenance contracts is recognized relatively over the period of the contract using the percentage of completion (output) method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period unless some other method better represents the stage of completion.

The Company estimates and accounts for volume discounts and other pricing incentives to the customers by reducing the revenue recognized at the time of sale.

Interest income:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under "other income" in the Statement of Profit and Loss.

Recognition of dividend income, interest income or expense

Dividend income is recognized in the Statement of Profit and Loss on the date on which the Company's right to receive payment is established. Interest income or expense is recognized using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset, or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

l) Foreign currency transactions and balances

i) Initial recognition

The Company is exposed to foreign currency transactions including foreign currency revenues, receivables, expenses, payables and borrowings. Foreign exchange transactions during the year are recorded at the rates of exchange prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss for the year.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the year ended 31 March 2018

(Currency - INR)

2 Significant accounting policies (Continued)

i) Foreign currency transactions and balances (Continued)

ii) Translation

Monetary assets and liabilities denominated in foreign currencies 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 assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the Statement of Profit and Loss, except exchange differences arising from the translation of the following items which are recognised as OCI:

- equity investments at fair value through OCI (FVOCI); and
- qualifying cash flow hedges to the extent that the hedges are effective.

iii) Translation of foreign operations

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements, branches) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to the Statement of Profit and Loss as part of the gain or loss on disposal. If the Company disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to OCI. When the Company disposes of only a part of its interest in an associate or a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the Statement of Profit and Loss.

m) Employee benefits

i) Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Accumulated leave, which is expected to be utilised within the next twelve months, is also treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. These amounts are charged to the Statement of Profit and Loss.

ii) Post-employment benefits

(i) Defined contribution plan

Provident fund

Employee benefits in respect of Provident fund except as stated below, is a defined contribution plan.

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to a Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the year ended 31 March 2018

(Currency : INR)

2 Significant accounting policies (Continued)

m) Employee benefits (Continued)

ii) Post-employment benefits (Continued)

(i) Defined benefit plan(Continued)

Gratuity

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Such net obligation is recognized either as an asset or as a liability in the balance sheet. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation is performed annually by a qualified actuary using the projected unit credit method.

The present value of the obligation under such benefit plan is determined based on an actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured using the projected unit credit method. The discounted rates used for determining the present value are based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized in other comprehensive income, net of taxes, for the period in which they occur. All expenses related to defined benefit plan is recognised in employee benefits expense in the Statement of Profit and Loss. Past service cost both vested and unvested is recognized as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring cost or termination benefits. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

Compensated absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The obligation in respect of compensated absences is provided on the basis of an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan is based on the market yields as at the balance sheet date on Government securities, having maturity periods approximating to the terms of the related obligations. Actuarial gains and losses are recognized in other comprehensive income, net of taxes, for the period in which they occur. To the extent the Company does not have an unconditional right to defer the utilization or encashment of the accumulated compensated absences, the liability determined based on actuarial valuation is considered to be a current liability.

n) Earnings per share

Basic earnings per share is computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, amalgamations, bonus element in a rights issue, buyback, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the year ended 31 March 2018

(Currency - INR)

2 Significant accounting policies (Continued)

a) Earnings per share (Continued)

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of equity shares considered to derive the basic EPS, and also the weighted average number of equity shares that could have been issued on conversion of all the dilutive potential equity shares which are deemed converted at the beginning of reporting period, unless issued at a later date.

o) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Onerous Contracts

A contract is considered as onerous when the expected economic benefits to be derived by the company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

q) Cash flow statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

r) Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an asset not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment, or
- FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

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

- the asset is held within a business model whose objective is to hold assets 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.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the year ended 31 March 2018

(Currency : INR)

2 Significant accounting policies (Continued)

r) Financial instruments (Continued)

ii) Classification and subsequent measurement (Continued)

Financial assets (Continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 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.

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 (designated as FVOCI - equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

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 the Statement of Profit and 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 the Statement of Profit and Loss. Any gain or loss on derecognition is recognised in the Statement of Profit and Loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in the Statement of Profit and Loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of Profit and 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 not reclassified to the Statement of Profit and Loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the Statement of Profit and Loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet 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.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the year ended 31 March 2018

(Currency : INR)

2 Significant accounting policies (Continued)

5) Impairment

i) Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI - debt investments

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more;
- 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.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

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

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 borrower 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 90 days or more past due.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet -

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

For debt securities at FVOCI, the loss allowance is charged to the Statement of Profit and Loss and is recognised in OCI.

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.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the year ended 31 March 2018

(Currency - INR)

2 Significant accounting policies (Continued)

ii) Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. For impairment testing, assets that do not generate independent cash inflows are combined together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Goodwill arising from a business combination is allocated to CGUs or Company's of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g. central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. Impairment loss recognised in respect of a CGU is 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 of the CGU (or Company of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made 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.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements

Note 3 : Property, plant & equipment
(Carryover - INR)

	Leasehold land	Buildings	Computers	Office equipments	Furniture and fixtures	Total As At 31 March, 2018
Gross Block						
As at 1 April 2016	2,070,597	728,650	8,118,710	1,163,189	5,994,351	18,075,497
Additions during the Year	-	516,000	3,185,667	160,865	-	3,862,532
Deletions during the Year	-	-	-	-	-	-
As at 31 Mar 2017	2,070,597	1,244,650	11,304,377	1,324,054	5,994,351	21,938,029
Gross Block						
As at 1 April 2017	-	-	-	-	-	-
Additions pursuant to merger of TCube	-	-	-	-	-	-
Additions during the Year	-	-	8,449,403	3,866,686	-	12,316,089
Deletions during the Year	-	-	-	-	-	-
As at 31 Mar 2018	2,070,597	1,244,650	19,753,780	5,190,740	5,994,351	34,254,317
Accumulated depreciation						
As at 1 April 2016	-	-	(5,657,736)	(170,538)	(103,259)	(5,931,533)
Additions during the Year	-	-	-	-	-	-
Deletions during the Year	-	-	(7,021,821)	(233,386)	(7,088,687)	(14,343,894)
As at 31 Mar 2017	-	-	(12,679,557)	(403,924)	(2,192,057)	(15,075,538)
Accumulated depreciation						
As at 1 April 2017	-	-	-	-	-	-
Regrouping of Acc Dep Based on CG PA Category	-	(606,170)	6,934,631	(60,118)	867,912	7,356,295
Change for the year	-	(51,800)	(8,632,337)	(350,166)	(1,177,107)	(6,201,871)
As at 31 Mar 2018	-	(457,970)	(10,167,663)	(794,284)	(2,501,232)	(13,921,094)
Net Block As at 31 Mar 2018	2,070,597	786,680	9,586,116	4,396,511	3,493,119	20,333,023
Net Block As at 31 Mar 2017	2,070,597	1,244,650	(1,179,180)	920,130	3,802,314	6,862,511

Note 4 : Intangible assets

	Computer Software	Total As At 31 March 2017
Gross Block		
As at 1 April 2016	6,895,075	6,895,075
Additions during the Year	-	-
Deletions during the Year	1,984,301	1,984,301
As at 31 Mar 2017	8,879,376	8,879,376
Gross Block		
As at 1 April 2017	8,879,376	8,879,376
Additions pursuant to merger of TCube	-	-
Additions during the Year	350,000	350,000
Deletions during the Year	-	-
As at 31 Mar 2018	9,229,376	9,229,376
Accumulated depreciation		
As at 1 April 2016	-	-
Additions during the Year	-	-
Deletions during the Year	-	-
As at 31 Mar 2017	-	-
Accumulated depreciation		
As at 1 April 2017	-	-
Additions pursuant to merger of TCube	(7,356,295)	(7,356,295)
Additions during the Year	(1,012,878)	(1,012,878)
Deletions during the Year	-	-
As at 31 Mar 2018	(8,369,173)	(8,369,173)
Net Block As at 31 Mar, 2018	860,203	860,203
Net Block As at 31 Mar 2017	8,879,376	8,879,376

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
as at 31 March 2018

(Currency - INR)

	March 2018	31 March 2017	31 March 2016
5 Other financial assets			
Non-current			
Unsecured, considered good			
Security deposits	4,411,153	115,309	14,268
	<u>4,411,153</u>	<u>115,309</u>	<u>14,268</u>
6 Deferred tax assets (net)			
Deferred tax liabilities			
Property, plant and equipment and intangible assets	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax assets			
Property, plant and equipment and intangible assets	554,789	(671,146)	422,118
Provisions - employee benefits	1,880,146	-	-
	<u>2,434,926</u>	<u>(671,146)</u>	<u>422,118</u>
Net deferred tax asset (refer note 23)	<u>2,434,926</u>	<u>(671,146)</u>	<u>422,118</u>
7 Other non-current assets			
Prepaid expenses	-	929,743	1,072,314
Balances with statutory/government authorities	-	42,000	12,000
Grants Fund	-	1,366,967	-
Rent	-	4,309,378	3,132,880
	<u>-</u>	<u>6,708,088</u>	<u>4,217,200</u>
8 Trade receivables (unsecured)			
Trade receivables consist of the following			
Secured			
Unsecured			
- Considered good	32,664,730	10,987,925	3,829,139
	<u>32,664,730</u>	<u>10,987,925</u>	<u>3,829,139</u>

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
as at 31 March 2018

(Currency - INR)

	March 2018	31 March 2017	31 March 2016
9 Cash and cash equivalents			
Balance with banks:			
In current accounts	6,420,446	8,897,288	7,169,044
In deposits accounts	-	7,156,465	-
Cash on hand	-	62,918	46,048
	<u>6,420,446</u>	<u>16,116,671</u>	<u>7,215,092</u>
			0
10 Other current assets			
Prepaid Expenses	1,954,281	-	-
Balances with Government Authorities (VAT / Cenvat / Service tax credit receivable)	4,861,483	-	-
Advance payment of Income Tax (net of provision)	-	-	-
Advance to vendors	49,741	-	-
Other assets	-	29,694	628,775
Crucialty assets	643,587	-	-
	<u>7,509,092</u>	<u>29,694</u>	<u>628,775</u>
11 Share capital			
Authorised:			
1,00,000 Equity shares of Rs 10 Par value (March 31, 2017: 1,000,000)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and fully paid up:			
25,000 Equity Shares of Rs. 10 Par value (March 31, 2017: 25,000)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

a. Reconciliation of shares outstanding at the beginning and at the end of the year:

	31 March 2018		31 March 2017	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	25,000	250,000	25,000	250,000
Add: Issued during the year				
Less: Bought back during the year				
Balance as at the end of the year	<u>25,000</u>	<u>250,000</u>	<u>25,000</u>	<u>250,000</u>

Shares held by holding / ultimate holding company and its subsidiary

Out of total shares issued by the Company, shares held by the holding company, ultimate holding company and their subsidiaries are as below:

	31 March 2018		31 March 2017	
	Number of shares	%	Number of shares	%
Equity shares of Rs. 10 each, fully paid-up, held by Capgemini Technology Services India Tecube Inc	24,998	100	24,998	100
Balance as at the end of the year	<u>24,998</u>	<u>100</u>	<u>24,998</u>	<u>100</u>

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
as at 31 March 2018

(Currency - INR)

	March 2018	March 2017	March 2016
12 Other non-current liabilities			
Compensated leave balance	4,059,114	-	-
	<u>4,059,114</u>	<u>-</u>	<u>-</u>
13 Trade and other payables			
Due to micro and small enterprises			4,550,050
Due to other than micro and small enterprises	305,303	-	-
Tcube Inc	-	844,442	-
	<u>305,303</u>	<u>844,442</u>	<u>4,550,050</u>
14 Other financial liabilities			
Current			
Bonus and incentives	1,241,216		1,460,174
Employee benefits payable	415,109	115,162	5,564,300
Gratuity payable	-	-	-
	<u>1,656,325</u>	<u>115,162</u>	<u>7,024,474</u>
15 Other current liabilities			
Audit fees	200,000	190,000	234,000
Bank payable	957,743	703,749	155,223
Statutory dues payable*	2,587,797	2,998,529	3,391,429
Others	107,625	1,465,552	1,325,169
	<u>3,853,165</u>	<u>5,347,840</u>	<u>5,705,821</u>
*Statutory dues payable comprises of-			
Payable to STPI	25,000	22,586	383,575
Service tax payable	(616,231)	121,617	-
Tax Deducted at Source payable	1,870,449	1,375,532	2,596,621
Provident Fund payable	1,200,632	1,304,169	840,895
Professional Tax payable	104,050	56,450	61,625
Employee State Insurance payable	3,897	118,175	108,712
	<u>2,587,797</u>	<u>2,998,529</u>	<u>3,391,429</u>
16 Provisions			
Current			
Provision for employee benefits			
Compensated absence	1,093,742	-	-
	<u>1,093,742</u>	<u>-</u>	<u>-</u>

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the period ended 31 March 2018

(Currency : INR)

	31st March 2018	31 March 2017	31 March 2016
17 Revenue from operations			
Revenue from software operations	231,488,832	256,715,418	143,901,662
Sale of By-product	-	-	-
	<u>231,488,832</u>	<u>256,715,418</u>	<u>143,901,662</u>
18 Other Income, net			
Interest on deposits with banks	28,092	226,532	-
Provisions no longer required written back	-	52,569	-
Reversal of gratuity liability	-	1,366,567	-
Other non-operating income	336,441	111,691	339,743
	<u>364,533</u>	<u>1,756,159</u>	<u>339,743</u>
19 Employee benefit expense			
Salaries, bonus and incentives	148,178,308	147,153,438	75,135,962
Contribution to provident and other funds	7,661,870	6,151,074	9,099,038
Retirement benefits expense	399,209	-	-
Compensated absence	5,157,966	-	-
Staff welfare expenses	353,811	3,382,494	1,818,471
	<u>161,848,163</u>	<u>156,687,006</u>	<u>86,053,471</u>
20 Finance Costs			
Interest on borrowings	9,748	-	-
	<u>9,748</u>	<u>-</u>	<u>-</u>
21 Depreciation and amortization expenses			
Depreciation of tangible assets	6,201,870	9,343,894	1,664,411
Amortization of intangible assets	1,012,878	-	-
	<u>7,214,748</u>	<u>9,343,894</u>	<u>1,664,411</u>
22 Other expenses			
Repairs and maintenance:			
- Buildings	885,318	1,479,472	934,718
- Computer and network maintenance	1,632,773	-	-
- Office maintenance	1,398,793	725,539	815,905
- Others	10,554	22,196	5,617
Rent	11,645,138	11,285,586	7,011,610
Rates and taxes	2,042,530	28,875	3,281
Insurance	469,482	1,299,227	1,205,682
Power and fuel	728,487	2,461,589	946,751
Communication	1,426,247	1,644,466	987,585
Travelling and conveyance	5,683,165	6,387,767	7,331,681
Legal and professional charges	973,850	6,583,272	2,719,026
Bank charges	535,894	-	-
Auditors' remuneration (refer note 27)	200,000	200,000	200,000
Stationery and printing expenses	168,563	165,284	110,888
Group management fee	-	302,137	-
Training and recruitment	151,765	-	-
Miscellaneous expenses	1,678,726	8,628,835	1,704,574
	<u>17,631,225</u>	<u>41,436,745</u>	<u>23,958,616</u>

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the period ended 31 March 2018

(Currency : INR)

23 Tax expense

(a) Income tax expense recognised in Statement of Profit and Loss:

	31 March 2018	31 March 2017
1. Current income tax	11,464,450	18,000,000
2. Deferred income tax		
Deferred tax charge / (credit)	(3,015,885)	1,093,264
	<u>(3,015,885)</u>	<u>1,093,264</u>
Tax expense for the year	8,448,565	19,093,264

(b) Reconciliation of effective tax rate

	31 March 2018	31 March 2017
Profit before tax	35,127,481	49,005,924
Tax using the Company's domestic tax rate of 34.61% (for both years)	9,678,499	16,389,965
Tax effect of:		
Tax effect due to income tax holidays	341,986	-
Effect of change in tax rates	(22,546)	-
Income taxes relating to prior years *	(636,925)	-
Others	(912,452)	2,703,300
Total income tax expense	8,448,563	19,093,265
	24%	39%

*Includes tax on account of change in estimate

The Company's consolidated weighted average tax rates for the years ended March 31, 2018 and 2017 were 26% and 39%, respectively. Tax expense was Rs. 15 million for the year ended March 31, 2018, as compared to income tax expense of Rs. 19 million for the year ended March 31, 2017.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the period ended 31 March 2018

(Currency : INR)

23 Tax expense (Continued)

(c) Income tax assets and liabilities

	31 March 2018	31 March 2017
Income tax assets (net)*	3,061,054	28,808,423
Income tax liabilities (net)	794,761	29,300,364
	2,266,293	(81,941)

(d) Movement in deferred tax balances

	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	Acquired in business combinations	Net balance March 31, 2018	Deferred tax liability
Deferred tax asset						
Property, plant and equipment and intangible assets	(671,146)	1,225,926	-	-	554,780	554,780
Provisions - employee benefits	-	1,789,959	90,187	-	1,880,146	2,294,446
Others	-	-	-	-	-	-
	<u>(671,146)</u>	<u>3,015,885</u>	<u>90,187</u>	<u>-</u>	<u>2,434,926</u>	<u>2,849,226</u>
Deferred tax asset (net)	<u>(671,146)</u>	<u>3,015,885</u>	<u>90,187</u>	<u>-</u>	<u>2,434,926</u>	<u>2,849,226</u>

	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	Acquired in business combinations	Net balance March 31, 2017	Deferred tax liability
Deferred tax asset						
Property, plant and equipment and intangible asset	422,118	(1,093,264)	-	-	(671,146)	(671,146)
Provisions - employee benefits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	<u>422,118</u>	<u>(1,093,264)</u>	<u>-</u>	<u>-</u>	<u>(671,146)</u>	<u>(671,146)</u>
Deferred tax asset (net)	<u>422,118</u>	<u>(1,093,264)</u>	<u>-</u>	<u>-</u>	<u>(671,146)</u>	<u>(671,146)</u>

The company offsets tax assets and liabilities if, and only if, it has a legally enforceable right to set off tax liabilities against tax assets. The company has tax losses which arise in India of Rs. Nil (31 March 2017 Rs. Nil) that are available for offset against future taxable profits.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of future taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the period ended 31 March 2018

(Currency - INR)

24 Employee benefit plans

(a) Gratuity benefits

The Company operates a post employment benefit plan that provides for gratuity benefit to eligible employees. The gratuity plan entitles an employee, who has rendered at least five years of continuous services, to receive one-half month's salary for each year of completed service at the time of retirement / exit.

The following table summarizes the components of net benefit expense recognized in the Statement of Profit and Loss and the position of assets and obligations relating to the plan.

	31 March 2018	31 March 2017
Present value of defined benefit obligation	7,821,153	4,208,859
Fair value of plan assets	6,007,756	5,575,826
Funded amount	2,781,156	-
Amount recognised in OCI	(324,172)	-
Net Asset	(643,587)	(1,366,967)
Amounts in the Balance Sheet:		
Asset		
Current	643,587	-
Non-current	-	1,366,967
Present Value of defined benefit obligation		
Projected benefit obligation at the beginning of the year	4,208,859	-
Projected benefit obligation assumed on amalgamation	-	-
Current service cost	2,238,379	-
Past Service cost	716,509	-
Interest cost	303,880	-
Benefits paid	-	-
Actuarial (gains) arising from change in financial assumptions	(232,952)	-
Actuarial (gains) arising from change in experience changes	586,478	-
Projected benefit obligation at the end of the year	(A) 7,821,153	4,208,859
Fair Value of plan asset		
Fair Value of plan assets at beginning of the year	5,575,826	-
Expected return	-	-
Interest on plan assets	402,575	-
Actuarial return on plan assets less interest on plan assets	29,355	-
Benefits paid	-	-
Fair Value of plan assets at end of the year	(B) 6,007,756	5,575,826
Funded amount	2,781,156	-
Recognised in OCI	(324,171)	-
Amount recognised in Balance Sheet	(A-B) (643,588)	(1,366,967)
Included in OCI		
Opening amount recognised in OCI outside Profit & Loss A/c-		
Actuarial loss (gain) arising from:		
Financial assumptions	(232,952)	-
Experience adjustment	586,478	-
Return on plan assets excluding interest income - gross	(29,355)	-
	324,171	-
Expense recognised in Statement of Profit and Loss		
Current service cost	2,238,379	-
Funded	(2,456,985)	-
Past Service cost	716,509	-
Interest cost	(98,695)	-
Expected return on plan assets	-	-
Total included in "Employee benefit expenses"	399,208	-

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the period ended 31 March 2018

(Currency : INR)

24 Employee benefit plans

(a) *Gratuity benefits*

The Company operates a post employment benefit plan that provides for gratuity benefit to eligible employees. The gratuity plan entitles an employee, who has rendered at least five years of continuous services, to receive one-half month's salary for each year of completed service at the time of retirement / exit.

The following table summarizes the components of net benefit expense recognized in the Statement of Profit and Loss and the position of assets and obligations relating to the plan.

	31 March 2018	31 March 2017
Present value of defined benefit obligation	7,821,153	4,208,859
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Funded amount	2,781,156	-
Amount recognised in OCI	(324,172)	-
Net Asset	(643,587)	(1,366,967)
Amounts in the Balance Sheet:		
Asset		
Current	643,587	-
Non-current	-	1,366,967
Present Value of defined benefit obligation		
Projected benefit obligation at the beginning of the year	4,208,859	-
Projected benefit obligation assumed on amalgamation	-	-
Current service cost	2,238,379	-
Past Service cost	716,509	-
Interest cost	303,880	-
Benefits paid	-	-
Actuarial (gains) arising from change in financial assumptions	(232,952)	-
Actuarial (gains) arising from change in experience changes	586,478	-
Projected benefit obligation at the end of the year	(A) 7,821,153	4,208,859
Fair Value of plan asset		
Fair Value of plan assets at beginning of the year	5,575,826	-
Expected return	-	-
Interest on plan assets	402,575	-
Actuarial return on plan assets less interest on plan assets	29,355	-
Benefits paid	-	-
Fair Value of plan assets at end of the year	(B) 6,007,756	5,575,826
Funded amount	2,781,156	-
Recognised in OCI	(324,171)	-
Amount recognised in Balance Sheet	(A-B) (643,588)	(1,366,967)
Included in OCI		
Opening amount recognised in OCI outside Profit & Loss A/c:-		
Actuarial loss (gain) arising from:		
Financial assumptions	(232,952)	-
Experience adjustment	586,478	-
Return on plan assets excluding interest income - gross	(29,355)	-
	324,171	-
Expense recognised in Statement of Profit and Loss		
Current service cost	2,238,379	-
Funded	(2,456,985)	-
Past Service cost	716,509	-
Interest cost	(98,695)	-
Expected return on plan assets	-	-
Total included in "Employee benefit expenses"	399,208	-

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)

for the period ended 31 March 2018

(Currency : INR)

25 Related party disclosures

Related Party Disclosures in accordance with Ind AS 24 - "Related Party Disclosures" are given below.

Names of related parties and related party relationship

Related parties where control exists

Holding companies

Cappemini America Inc., subsidiary of ultimate holding company, holds 24,999 equity shares (From 26th Oct 2017)

Teube Inc., subsidiary of ultimate holding company, holds 24,999 equity shares (till 25, Oct 2017)

Key Managerial Personnel:

Srinivasarao Kandula (from 31st Jan 2017)

Mukund Srinath (from 31st Jan 2017)

Sabyasachi Patnaik (till 31st, Jan 2017)

Anil Kumar Mallik (till 31st, Jan 2017)

Related party transactions

	31 March 2018	31 March 2017
a) Revenues from operations		
Cappemini America Inc	231,466,832	-
Teube Inc	-	254,715,408
Balances outstanding		
	31 March 2018	31 March 2017
a) Trade receivables		
Cappemini America Inc.,	32,664,730	-
Teube Inc	-	10,987,925

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)

for the period ended 31 March 2018

(Currency : INR)

26 Financial Instruments – Fair values and risk management

A. Accounting classification and fair values

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation state.

The Company classifies its inputs used to measure fair value into the following hierarchy :

Level 1 : Unadjusted quoted prices in active market for identical assets or liabilities

Level 2 : Inputs other than quoted prices that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Unobservable inputs for assets and liabilities that are not based on observable market data.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

31 March 2018	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	6,420,446	6,420,446	-	-	-	-
Trade and other receivables	-	-	32,664,730	32,664,730	-	-	-	-
Other non-current financial asset	-	-	4,411,153	4,411,153	-	-	-	-
Other current financial asset	-	-	-	-	-	-	-	-
	-	-	43,496,329	43,496,329	-	-	-	-
Financial liabilities								
Other non current financial liabilities	-	-	-	-	-	-	-	-
Trade and other payables	-	-	305,303	305,303	-	-	-	-
Other current financial liabilities	-	-	1,656,325	1,656,325	-	-	-	-
	-	-	1,961,628	1,961,628	-	-	-	-

31 March 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	16,116,671	16,116,671	-	-	-	-
Trade and other receivables	-	-	10,987,925	10,987,925	-	-	-	-
Other non-current financial asset	-	-	115,309	115,309	-	-	-	-
Other current financial asset	-	-	-	-	-	-	-	-
	-	-	27,219,905	27,219,905	-	-	-	-
Financial liabilities								
Other non current financial liabilities	-	-	-	-	-	-	-	-
Trade and other payables	-	-	844,442	844,442	-	-	-	-
Other current financial liabilities	-	-	115,162	115,162	-	-	-	-
	-	-	959,604	959,604	-	-	-	-

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)

for the period ended 31 March 2018

(Currency : INR)

26 Financial instruments – Fair values and risk management (Continued)

A. Accounting classification and fair values (Continued)

(1) Assets that are not financial assets (such as receivables from statutory authorities, export benefit receivables, prepaid expenses, advances paid and certain other receivables) amounting to Rs.7,509,092 and Rs. 29,694 as of March 31, 2018 and March 31, 2017 respectively, are not included.

(2) Other liabilities that are not financial liabilities (such as statutory dues payable, deferred revenue, advances from customers and certain other accruals) amounting to Rs. 3,853,166 and Rs. 5,347,840 as of March 31, 2018 and March 31, 2017, respectively, are not included.

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring fair values:

Financial instruments measured at fair value

Type	Valuation technique
Foreign exchange forward contracts	The Company's derivative financial instruments consist of foreign exchange forward contracts. Fair value of derivative financial instruments are based on prices as provided by the banks and are classified as Level 2. Inputs include current market-based parameters such as forward rates, yield curves and credit default swap pricing.
Investments	The Company's investments consist primarily of investment in debt linked mutual funds. Fair value of debt linked mutual funds are based on prices as stated by the issuers of mutual funds and are classified as Level 1 or 2 after considering whether the fair value is readily determinable.

During the reporting years ended 31 March 2018 and 31 March 2017, there have been no transfers of financial instruments between Level 1 or Level 2 or Level 3 fair value measurements.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the period ended 31 March 2018
(Currency : INR)

26 Financial instruments – Fair values and risk management (Continued)

C. Financial risk management

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

- Credit risk ;
- Liquidity risk ; and
- Market risk

L. 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 obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company periodically assesses the financial reliability of its customers, taking into account the financial conditions, current economic trends and analysis of historic bad debts and ageing of accounts receivable. Financial assets are written off when there is no reasonable expectation of recovery from the customer.

The Company has trade receivables primarily from intercompanies for which it does not foresee any credit risk.

Others

Credit risk of the Company on cash and cash equivalents and investments is subject to low credit risk since the investments of the Company are only in liquid debt securities with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Counter parties to foreign currency forward contracts are typically multinational and domestic banks with appropriate market reputation.

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the period ended 31 March 2018.

(Currency : INR)

26 Financial instruments – Fair values and risk management (Continued)

C. Financial risk management (Continued)

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

March 31, 2018	Contractual cash flows		
	Carrying amount	Within one year	One year but not more than five years
Non current financial liabilities	-	-	-
Current financial liabilities	1,656,325	1,656,325	-
Trade and other payables	305,303	305,303	-

March 31, 2017	Contractual cash flows		
	Carrying amount	Within one year	One year but not more than five years
Non current financial liabilities	-	-	-
Current financial liabilities	115,162	115,162	-
Trade and other payables	844,442	844,442	-

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the period ended 31 March 2018

(Currency - INR)

26 Financial Instruments – Fair values and risk management (Continued)

iii. 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. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk and market value of its investments. The exposure to market risk is a function of investing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in foreign currency revenues and costs.

The currency profile of financial assets and financial liabilities as at 31 March 2018 and 31 March 2017 is as below:

Foreign currency exposures as on 31 March 2018

Particulars	INR	USD
Trade receivables	-	32,664,730
Cash and cash equivalents	6,420,446	-
Trade and other payables	-	305,503

Foreign currency exposures as on 31 March 2017

Particulars	INR	USD
Trade receivables	-	10,587,925
Cash and cash equivalents	16,116,671	-
Trade and other payables	-	844,442

TCube Software Solutions Pvt. Ltd. (Formerly Data Cube Solutions Pvt. Ltd.)

Notes to financial statements (Continued)
for the period ended 31 March 2018

(Currency : INR)

27 Auditors' remuneration

	31 March 2018	31 March 2017
Statutory/ Tax audit & Other services	200,000	200,000
	<u>200,000</u>	<u>200,000</u>

28 Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, the Company has identified areas including activities for promoting programs that benefit the communities in and around the Company's work centre and further results in enhancing the quality of life and economic well being of the local populace, express commitment to the social development through responsible business practices and good governance, engage with state and its agencies in pursuing the development agenda for sustainable change for its CSR activities. These areas will be pursued in phases and in a manner aligned with the CSR rules and regulations. The funds have been contributed to trusts/organisations involved in the above activities and will be utilized on the activities which are specified in Schedule VII of the Companies Act, 2013. The gross amount required to be spent by the Company on CSR activities is Rs 890,127. The total expenditure incurred on 'Corporate Social Responsibility Activities' for the current year is Rs. 5,470.

Amount spent during the year on:

Particulars	In cash	Yet to be paid
(i) Construction/acquisition of any assets (previous year Rs. Nil)	-	-
(ii) CSR Programs	5,470	-
(iii) Other expenses allowed under CSR	-	-
Total	<u>5,470</u>	<u>-</u>

Signatures to Note 1 to 28 form an integral part of the financial statements.

As per our report of even date attached.

For R.C.Pradhan & Co.
Chartered Accountants
Firm's Registration No: 325584E




CA R.C.Pradhan
Partner
Membership No: 062336
Place: Bhubaneswar

Date: 23rd July 2018

For and on behalf of the Board of Directors of
TCube Software Solutions Pvt. Ltd.



Srinivasa Rao Kandula
Director
DIN: 07412426
Place: Bangalore
Date: 20th July 2018

Mahesh Srinath
Director
DIN: 00025017
Place: Bangalore
Date: 20th July 2018