

INDEPENDENT AUDITOR'S REPORT To The Board of Directors of Mindtree Limited

Report on the Financial Statements of Mindtree Software (Shanghai) Co., Ltd (a wholly owned subsidiary of Mindtree Limited)

We have audited the accompanying financial statements of **MINDTREE SOFTWARE (SHANGHAI) CO., LTD** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

The financial statements have been prepared by the Management of Mindtree Limited for the purposes of inclusion by Mindtree Limited ("the Parent") in its consolidated financial statements for the year ended March 31, 2018.

Management's Responsibility for the Standalone Financial Statements

The Board of Directors of the Company and the Parent are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting policies of the Parent followed by it in preparing its consolidated financial statements as per accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act ('the Act'), as applicable.

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

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the



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consolidated 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 and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimate made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2.1 to the financial statements, which describes the basis of preparation of the financial statements. These financial statements are prepared as per the accounting policies of the Parent for use in the preparation of the consolidated financial statements of the Parent as per the requirements of the Act. As a result, these financial statements may not be suitable for any other purpose. Our report is solely intended for the Parent and should not be used for any purpose other than for the preparation and audit of the consolidated financial statements of the Parent.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Firm's Registration No. 008072S



V. Balaji

V. Balaji
Partner
Membership No. 203685

BENGALURU, April 18, 2018
VB/SMG/SS/2018

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Balance Sheet

		(Amount in Rs)	
	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Financial assets	3		
Loans	3.1	155,768	155,768
Other non-current assets	4	20,951	19,013
		<u>176,719</u>	<u>174,781</u>
Current assets			
Financial assets	5		
Trade receivables	5.1	1,418,854	1,276,105
Cash and cash equivalents	5.2	13,006,991	11,306,424
Other current assets	6	260,028	219,853
		<u>14,685,873</u>	<u>12,802,382</u>
TOTAL ASSETS		<u><u>14,862,592</u></u>	<u><u>12,977,163</u></u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	13,592,500	13,592,500
Other equity	8	(47,729)	(1,680,837)
		<u>13,544,771</u>	<u>11,911,663</u>
Liabilities			
Current liabilities			
Financial liabilities	9		
Trade payables		1,214,551	778,081
Other financial liabilities	9.1	37,670	176,962
Other current liabilities	10	59,093	87,505
Provisions	11	6,507	22,952
		<u>1,317,821</u>	<u>1,065,500</u>
TOTAL EQUITY AND LIABILITIES		<u><u>14,862,592</u></u>	<u><u>12,977,163</u></u>

See accompanying notes to the financial statements

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S

V. Balaji

V. Balaji
Partner

Membership Number: 203685



Place: Bengaluru
Date : April 18, 2018

For and on behalf of the Board of Directors of
Mindtree Software (Shanghai) Co., Ltd

Rostow Ravanah *Jagannathan Chakravarthi*

Rostow Ravanah
Director

Jagannathan Chakravarthi
Director

Place: Bengaluru
Date : April 18, 2018

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Statement of profit and loss

	Note	(Amount in Rs)	
		For the year ended	
		March 31, 2018	March 31, 2017
Revenue from operations		9,473,094	13,852,626
Other income	12	1,204,123	24,979
Total income		10,677,217	13,877,605
Expenses			
Employee benefits expense	13	1,016,756	5,468,980
Other expenses	14	8,027,353	8,373,346
Total expenses		9,044,109	13,842,326
Profit before tax		1,633,108	35,279
Tax expense:		-	-
Profit for the year		1,633,108	35,279
Other comprehensive income		-	-
Total comprehensive income for the year		1,633,108	35,279

See accompanying notes to the financial statements

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S

V. Balaji

V. Balaji
Partner
Membership Number: 203685



For and on behalf of the Board of Directors of
Mindtree Software (Shanghai) Co., Ltd

Rostow Ravanan Jagannathan Chakravarthi

Rostow Ravanan
Director

Jagannathan Chakravarthi
Director

Place: Bengaluru
Date : April 18, 2018

Place: Bengaluru
Date : April 18, 2018

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Statement of cash flow

	(Amount in Rs)	
	For the year ended March 31	
	2018	2017
Cash flow from operating activities		
Profit for the year	1,633,108	35,279
<i>Adjustments for :</i>		
Interest income on financial assets at amortised cost	(27,990)	(24,979)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(51,940)	1,037,928
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(142,749)	(120,005)
Loans Advances and other assets	(40,175)	(60,475)
Trade payables	436,471	(36,041)
Other liabilities and Provisions	(184,149)	(235,953)
Net cash provided by operating activities before taxes	1,622,576	595,754
Income tax refund / (paid)	(1,939)	244,360
Net cash (used in)/ provided by operating activities	1,620,637	840,114
Cash flow from investing activities		
Interest income on financial assets at amortised cost	27,990	24,979
Net cash (used in)/ provided by investing activities	27,990	24,979
Cash flow from financing activities		
Net cash (used in)/ provided by financing activities	-	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	51,940	(1,037,928)
Net decrease in cash and cash equivalents	1,700,567	(172,835)
Cash and cash equivalents at the beginning of the year	11,306,424	11,479,259
Cash and cash equivalents at the end of the year	13,006,991	11,306,424

See accompanying notes to the financials statements

As per our report of even date attached
For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration Number: 008072S

V. Balaji
V. Balaji
Partner
Membership Number: 203685



Place: Bengaluru
Date : April 18, 2018

For and on behalf of the Board of Directors of
Mindtree Software (Shanghai) Co., Ltd

Rostow Ramanan
Rostow Ramanan
Director

Jagannathan Chakravarthi
Jagannathan Chakravarthi
Director

Place: Bengaluru
Date : April 18, 2018

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Statement of changes in equity for the year ended March 31, 2018

(a) Equity share capital	(Amount in Rs)
Balance as at April 1, 2016	13,592,500
Add: Shares issued on exercise of stock options and restricted shares	-
Add: Bonus shares issued	-
Balance as at March 31, 2017	13,592,500
Balance as at April 1, 2017	13,592,500
Add: Shares issued	-
Add: Bonus shares issued	-
Balance as at March 31, 2018	13,592,500

(b) Other equity

Particulars	Retained earnings	Total other equity
Balance as at April 1, 2016	(1,716,116)	(1,716,116)
Profit for the year	35,279	35,279
Balance as at March 31, 2017	(1,680,837)	(1,680,837)
Balance as at April 1, 2017	(1,680,837)	(1,680,837)
Profit for the year	1,633,108	1,633,108
Balance as at March 31, 2018	(47,729)	(47,729)

See accompanying notes to the financial statements

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S


V. Balaji

Partner

Membership Number: 203685

Place: Bengaluru

Date : April 18, 2018



For and on behalf of the Board of Directors of
Mindtree Software (Shanghai) Co., Ltd




Rostow Ramanan
Director

Jagannathan Chakravarthi
Director

Place: Bengaluru

Date : April 18, 2018

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018

All amounts in Indian Rupees, except share and per share data, unless otherwise stated

1. Company overview

Mindtree Software (Shanghai) Co., Ltd. ('the Company') is a wholly owned subsidiary of Mindtree Limited. Mindtree Limited, headquartered in Bangalore, India is an international Information Technology consulting and implementation company that delivers business solutions through global software development. The Company offers services in the areas of agile, analytics and information management, application development and maintenance, business process management, business technology consulting, cloud, digital business, independent testing, infrastructure management services, mobility, product engineering and SAP services.

The Company is headquartered in Shanghai and has an office in Beijing.

2. Significant accounting policies

2.1 Basis of preparation and presentation

(a) Statement of compliance

These financial statements have been prepared solely for the purpose of consolidation with Mindtree Limited in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable.

(b) Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for defined benefit and other long-term employee benefits that has been measured at fair value as required by relevant Ind AS.

(c) Use of estimates and judgement

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

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) *Revenue recognition:* The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.

ii) *Income taxes:* The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company.

iii) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

2.2 Summary of significant accounting policies

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The functional currency of the Company is Renminbi ("RMB"). The financial statements are presented in Indian Rupee.

(ii) Foreign currency transactions and balances

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.



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Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018

All amounts in Indian Rupees, except share and per share data, unless otherwise stated

(iii) Financial instruments

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, loans and borrowings and payables are recognised net of directly attributable transaction costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets at amortised cost and non derivative financial liabilities at amortised cost.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

a) Non-derivative financial assets

(i) Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

b) Non-derivative financial liabilities

(i) Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

(iv) Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

(v) Impairment

a) Financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:



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Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Significant accounting policies and notes to the accounts
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All amounts in Indian Rupees, except share and per share data, unless otherwise stated

(i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

(ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

b) Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

(vi) Employee benefits

The Company accrues for the expected cost of short-term compensated absences in the period in which the employee renders services.

The Company has the following employee benefit plans:

a) Social security plans

Employees contributions payable to the social security plan, which is a defined contribution scheme, are charged to the statement of profit and loss in the period in which the employee renders services.

(vii) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.



Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018
All amounts in Indian Rupees, except share and per share data, unless otherwise stated

(viii) Revenue

The Company derives revenue primarily from software development and related services. The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered:

a) Time and materials contracts

Revenues and costs relating to time and materials contracts are recognized as the related services are rendered.

b) Fixed-price contracts

Revenues from fixed-price contracts are recognized using the "percentage-of-completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable.

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

'Unbilled revenues' represent cost and earnings in excess of billings as at the end of the reporting period.

'Unearned revenues' represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered are presented as 'Advance from customers'.

c) Maintenance contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract. 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 or under some other method that better represents the stage of completion.

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in Ind AS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18.

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

Revenues are shown net of sales tax, value added tax, service tax and applicable discounts and allowances.

The Company accrues the estimated cost of post contract support services at the time when the revenue is recognized. The accruals are based on the Company's historical experience of material usage and service delivery costs.

Provision for discounts is recognised on an accrual basis in accordance with contractual terms of agreements with customers.

(ix) Warranty provisions

The Company provides warranty provisions on all its products sold. A liability is recognised at the time the product is sold. The Company does not provide extended warranties or maintenance contracts to its customers.

(x) Finance income and expense

Finance income consists of interest income. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest rate method. Foreign currency gains and losses are reported on a net basis.

(xi) Income tax

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company.



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Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Significant accounting policies and notes to the accounts
For the year ended March 31, 2018
All amounts in Indian Rupees, except share and per share data, unless otherwise stated

2.3 New standards and interpretations not yet adopted

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the effect of this on the financial statements.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application - and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs.

The standard is effective for annual periods beginning on or after 1 April 2018. The Company is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.



Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
 Significant accounting policies and notes to the accounts
 For the year ended March 31, 2018

All amounts in Indian Rupees, except share and per share data, unless otherwise stated

Non-current assets

3 Financial assets

3.1 Loans

Particulars	As at March 31, 2018	As at March 31, 2017
<i>(Unsecured, considered good)</i>		
Security deposits	155,768	155,768
Total	155,768	155,768

4 Other non-current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Advance income-tax including tax deducted at source (net of provision for taxes)	20,951	19,013
Total	20,951	19,013

Current assets

5 Financial assets

5.1 Trade receivables

Particulars	As at March 31, 2018	As at March 31, 2017
<i>(Unsecured)</i>		
Considered good	1,418,854	1,276,105
Total	1,418,854	1,276,105

5.2 Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks in current accounts and deposit accounts	13,006,991	11,306,424
Total	13,006,991	11,306,424

6 Other current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Prepaid expenses	260,028	219,853
Total	260,028	219,853



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Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
 Significant accounting policies and notes to the accounts
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7 Equity share capital

Particulars	As at March 31, 2018	As at March 31, 2017
Issued, subscribed and paid-up capital	13,592,500	13,592,500
The registered capital is \$250,000 which is paid fully by Mindtree Limited, Holding Company at Rs 54.37 per USD which equals to Rs 13,592,500		
Total	13,592,500	13,592,500

8 Other equity

Particulars	As at March 31, 2018	As at March 31, 2017
Retained earnings	(47,729)	(1,680,837)
Total	(47,729)	(1,680,837)

Current liabilities

9 Financial liabilities

9.1 Other financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Employee benefits payable	37,670	176,962
Total	37,670	176,962

10 Other current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory dues	59,093	87,505
Total	59,093	87,505

11 Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for compensated absences	6,507	22,952
Total	6,507	22,952



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Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
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12 Other income

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Interest income on financial asset at amortised cost	27,990	24,979
Foreign exchange gain	1,176,133	-
Total	1,204,123	24,979

13 Employee benefits expense

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Salaries and wages	778,485	4,087,560
Contribution to provident and other funds	238,271	1,381,420
Total	1,016,756	5,468,980

14 Other expenses

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Travel expenses	165,372	566,169
Communication expenses	109,600	108,325
Sub-contractor charges	1,066,441	260,315
Legal and professional charges	4,661,181	4,726,562
Lease rentals	1,915,274	1,662,950
Repairs and maintenance		
- Buildings	40,044	28,273
Rates and taxes	21,038	(36,816)
Foreign exchange loss	-	1,052,798
Other expenses	48,403	4,770
Total	8,027,353	8,373,346

15 Operating lease

The Company leases office facilities under cancellable operating leases. The rental expense under cancelable operating lease during the year ended March 31, 2018 was Rs. 1,915,274 (for the year ended March 31, 2017: Rs.1,662,950).



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16 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2018 and March 31, 2017 is as follows:

Particulars	Carrying value		Fair value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial assets				
Amortised cost				
Loans	155,768	155,768	155,768	155,768
Trade receivable	1,418,854	1,276,105	1,418,854	1,276,105
Cash and cash equivalents	13,006,991	11,306,424	13,006,991	11,306,424
Total assets	14,581,613	12,738,297	14,581,613	12,738,297
Financial liabilities				
Amortised cost				
Trade payables	1,214,551	778,081	1,214,551	778,081
Other financial liabilities	37,670	176,962	37,670	176,962
Total liabilities	1,252,221	955,043	1,252,221	955,043

The management assessed that fair value of cash and cash equivalents, loans, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

i) Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

ii) Fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2018 was assessed to be insignificant.



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17 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

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 investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of revenues generated from top customer:

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Revenue from top customer	9,473,094	13,852,626
The Company has only one Customer "Mindtree Limited"		

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The working capital position of the Company is given below:

Particulars	As at	
	March 31, 2018	March 31, 2017
Cash and cash equivalents	13,006,991	11,306,424
Total	13,006,991	11,306,424

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2018, March 31, 2017:

Particulars	As at March 31, 2018		
	Less than 1 year	1-2 years	2 years and above
Trade payables	1,214,551	-	-
Other financial liabilities	37,670	-	-

Particulars	As at March 31, 2017		
	Less than 1 year	1-2 years	2 years and above
Trade payables	778,081	-	-
Other financial liabilities	176,962	-	-

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates and investments. The Company's borrowings and investments are primarily short-term, which do not expose it to significant interest rate risk.



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Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
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18 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows:

Particulars	As at	
	March 31, 2018	March 31, 2017
Total equity attributable to the equity share holders of the Company	13,544,771	11,911,663
As percentage of total capital	100%	100%
Total capital	13,544,771	11,911,663

The Company is equity financed which is evident from the capital structure table. Further, the Company has always been a net cash Company with cash and bank balances.

19 Related party transaction

Name of related party	Nature of relationship
Mindtree Limited	Holding Company
Magnet 360, LLC	Fellow subsidiary with effect from January 19, 2016
Reside, LLC*	Fellow subsidiary with effect from January 19, 2016
M360 Investments, LLC*	Fellow subsidiary with effect from January 19, 2016
Numerical Truth, LLC*	Fellow subsidiary with effect from January 19, 2016
Bluefin Solutions Limited	Fellow subsidiary with effect from July 16, 2015
Bluefin Solutions Inc	Fellow subsidiary with effect from July 16, 2015
Bluefin Solutions Sdn Bhd	Fellow subsidiary with effect from July 16, 2015
Blouvin (Pty) Limited	Fellow subsidiary with effect from July 16, 2015
Bluefin Solutions Pte Ltd	Fellow subsidiary with effect from July 16, 2015

* Dissolved from February 22, 2018

Transactions with the above related parties during the year were:

Name of related party	Nature of transaction	For the year ended	
		March 31, 2018	March 31, 2017
Mindtree Limited	Software services rendered	9,473,094	13,852,626

Balances receivable from related parties are as follows:

Name of related party	Nature of balance	As at	
		March 31, 2018	March 31, 2017
Mindtree Limited	Trade receivables	1,418,854	1,276,105

The amount outstanding are unsecured and will be settled in cash. No guarantee has been given or received.

Key Managerial Personnel:

Rostow Ravanan	Chairman
Jagannathan Chakravarthi	Director
Sushant Pai	Director



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20 Segment information

The Company is engaged in providing "Hitech and Media Services" and is considered to constitute a single segment in the context of operating segment reporting as prescribed by Ind AS 108 - "Operating segments"

Geographical information


Revenue	For the year ended	
	March 31, 2018	March 31, 2017
India	9,473,094	13,852,626
	9,473,094	13,852,626


As per our report of even date attached
 For Deloitte Haskins & Sells
 Chartered Accountants
 Firm's Registration Number: 008072S


V. Balaji
 Partner
 Membership Number: 203685



For and on behalf of the Board of Directors of
 Mindtree Software (Shanghai) Co., Ltd


Rostow Ramanan
 Director


Jagannathan Chakravarthi
 Director

Place: Bengaluru
 Date : April 18, 2018

Place: Bengaluru
 Date : April 18, 2018