Deloitte Haskins & Sells

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INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF MINDTREE LIMITED

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

Opinion

We have audited the accompanying financial statements of **MINDTREE SOFTWARE (SHANGHAI) CO., LTD** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements"). As explained in Note 2.1 to the financial statements, these financial statements include limited information and have been prepared by the Management of Mindtree Limited ("the Parent") solely for its consideration in its consolidated financial statements as at and for the year ended March 31, 2019, in accordance with the accounting policies of the Parent and in compliance with the recognition and measurement principles laid down under the Companies (Indian Accounting Standards) Rules, 2015, as amended (hereinafter referred to as "Ind AS").

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements present fairly in all material respect, in accordance with the accounting policies of the Parent, the state of affairs of the Company as at March 31, 2019, its performance, its cash flows and its statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs"/ "Standards") issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics. 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2.1 to the financial statements, which describes the basis of preparation and presentation of the financial statements.

Our opinion is not modified in respect of this matter.

Management's Responsibility for the Financial Statements

The Board of Directors of the Parent are responsible for 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 statement of changes in equity of the Company in accordance with the accounting policies of the Parent and in compliance with the recognition and measurement principles laid down under the Ind AS.

The Company's Board of Directors are responsible for 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 financial statements by the Directors of the Parent, as aforesaid.

Those Board of Directors of the Parent are also responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of the Parent.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation as required by the Parent for the preparation of its financial statements.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements.

Restriction of Use

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 at and for the year ended March 31, 2019. As a result, these financial statements and our report thereon may not be suitable for any other purpose.

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

V. Bi

V. Balaji
Partner
(Membership No. 203685)

BENGALURU, April 17, 2019
VB/JT/SMG/SS/2019

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Balance Sheet as at March 31, 2019

(Amount in Rs)

	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Financial assets	3		
Loans	3.1	155,768	155,768
Other non-current assets	4	-	20,951
		155,768	**176,719**
Current assets			
Financial assets	5		
Trade receivables	5.1	1,030,655	1,418,854
Cash and cash equivalents	5.2	14,227,986	13,006,991
Other current assets	6	252,642	260,028
		15,511,283	**14,685,873**
TOTAL ASSETS		**15,667,051**	**14,862,592**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	13,592,500	13,592,500
Other equity	8	684,785	(47,729)
		14,277,285	**13,544,771**
Liabilities			
Current liabilities			
Financial liabilities	9		
Trade payables		1,344,220	1,214,551
Other financial liabilities	9.1	68	37,670
Other current liabilities	10	45,478	59,093
Provisions	11	-	6,507
		1,389,766	**1,317,821**
TOTAL EQUITY AND LIABILITIES		**15,667,051**	**14,862,592**

See accompanying notes to the financial statements

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date : April 17, 2019

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

Rostow Ravanan
Chairman

Pradip Menon
Director

Place: Bengaluru
Date : April 17, 2019

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Statement of profit and loss for the year ended March 31, 2019

(Amount in Rs)

	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations	19	7,864,562	9,473,094
Other income	12	259,994	1,204,123
Total income		**8,124,556**	**10,677,217**
Expenses			
Employee benefits expense	13	651,276	1,016,756
Other expenses	14	6,740,766	8,027,353
Total expenses		**7,392,042**	**9,044,109**
Profit before tax		**732,514**	**1,633,108**
Tax expense:		-	-
Profit for the year		**732,514**	**1,633,108**
Other comprehensive income		-	-
Total comprehensive income for the year		**732,514**	**1,633,108**

See accompanying notes to the financial statements

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

V. Balaji
Partner

Place: Bengaluru
Date : April 17, 2019

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

Rostow Ravanan
Chairman Director

Pradip Menon
Director

Place: Bengaluru
Date : April 17, 2019

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Statement of cash flows for the year ended March 31, 2019

		(Amount in Rs)
	For the year ended	
	March 31, 2019	**March 31, 2018**
Cash flow from operating activities		
Profit for the year	732,514	1,633,108
Adjustments for :		
Interest income on financial assets at amortised cost	(31,509)	(27,990)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(837,061)	(51,940)
Changes in operating assets and liabilities		
Trade receivables	388,199	(142,749)
Loans Advances and other assets	7,384	(40,175)
Trade payables	129,670	436,471
Other liabilities and Provisions	(57,723)	(184,149)
Net cash provided by operating activities before taxes	**331,474**	**1,622,576**
Income tax refund / (paid)	20,951	(1,939)
Net cash provided by operating activities	**352,425**	**1,620,637**
Cash flow from investing activities		
Interest income on financial assets at amortised cost	31,509	27,990
Net cash provided by investing activities	**31,509**	**27,990**
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	837,061	51,940
Net increase in cash and cash equivalents	**1,220,995**	**1,700,567**
Cash and cash equivalents at the beginning of the year	13,006,991	11,306,424
Cash and cash equivalents at the end of the year	**14,227,986**	**13,006,991**

See accompanying notes to the financials statements

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

V. Balaji
Partner

Place: Bengaluru
Date : April 17, 2019

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

Rostow Ravanan
Chairman

Pradip Menon
Director

Place: Bengaluru
Date : April 17, 2019

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Statement of changes in equity for the year ended March 31, 2019

(a) Equity share capital	**(Amount in Rs)**
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**
Balance as at April 1, 2018	**13,592,500**
Add: Shares issued	-
Add: Bonus shares issued	-
Balance as at March 31, 2019	**13,592,500**

(b) Other equity

Particulars	Retained earnings	Total other equity
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)**
Balance as at April 1, 2018	**(47,729)**	**(47,729)**
Profit for the year	732,514	732,514
Balance as at March 31, 2019	**684,785**	**684,785**

See accompanying notes to the financial statements

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

V. Balaji
Partner

Place: Bengaluru
Date : April 17, 2019

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

Rostow Ravanan
Chairman

Pradip Menon
Director

Place: Bengaluru
Date : April 17, 2019

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Significant accounting policies and notes to the financial statements
For the year ended March 31, 2019
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 ('the Parent'). 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) Basis of preparation

These financial statements with limited information have been prepared solely for consideration in the consolidated financial statements of the parent. These financial statements have been prepared in accordance with the Parent's accounting policies which are in agreement with the recognition and measurement principles laid down under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.

Appendix B to Ind AS 21 'The Effects of Changes in Foreign Exchange Rates': 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 is effective from April 1, 2018. The Company has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material.

(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. As 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 Chinese Yuan Renminbi ("CNY"). The financial statements are presented in Indian Rupee.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

(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). Also, refer note 2.1(a).

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.

(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.

Financial assets at 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 rate 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 and receipts under operating leases are recognised as an expense and income respectively, 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.

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

(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:

(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 regular intervals, the historically observed default rates are updated and changes in forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) is recognised as an income/expense in the statement of profit and loss during the period. 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.

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

(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.

(viii) Revenue

The Company derives revenue primarily from software development and related services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or a service to a customer. 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.

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 115, 'Revenue from Contracts with Customers', by applying the revenue recognition criteria for each of the distinct performance obligation. The arrangements generally meet the criteria for considering software development and related services as distinct performance obligation. For allocating the consideration, the Company has measured the revenue in respect of distinct performance obligation at its stand-alone selling price, in accordance with principles given in Ind AS 115.

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, goods and services 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.
'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'.

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

(ix) Warranty provisions

The Company provides warranty provisions on all its products sold. A provision 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.

2.3 New standards and interpretations not yet adopted

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.

Ind AS 116 - 'Leases': On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

Amendment to Ind AS 19 – 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 – Employee Benefits in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019, though early application is permitted.

Amendment to Ind AS 12 – 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 – Income Taxes. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

The Company is evaluating the effect of the above on its standalone financial statements.

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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, 2019	As at March 31, 2018
(Unsecured, considered good)		
Security deposits	155,768	155,768
Total	**155,768**	**155,768**

4 Other non-current assets

Particulars	As at March 31, 2019	As at March 31, 2018
Advance income-tax including tax deducted at source (net of provision for taxes)	-	20,951
Total	**-**	**20,951**

Current assets

5 Financial assets

5.1 Trade receivables

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured)		
Considered good (Refer note 19)	1,030,655	1,418,854
Total	**1,030,655**	**1,418,854**

5.2 Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks in current accounts and deposit accounts	14,227,986	13,006,991
Total	**14,227,986**	**13,006,991**

6 Other current assets

Particulars	As at March 31, 2019	As at March 31, 2018
Prepaid expenses	252,642	260,028
Total	**252,642**	**260,028**

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7 Equity share capital

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
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	**As at March 31, 2019**	**As at March 31, 2018**
Retained earnings	684,785	(47,729)
Total	**684,785**	**(47,729)**

Current liabilities

9 Financial liabilities

9.1 Other financial liabilities

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Employee benefits payable	68	37,670
Total	**68**	**37,670**

10 Other current liabilities

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Statutory dues	45,478	59,093
Total	**45,478**	**59,093**

11 Provisions

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Provision for compensated absences	-	6,507
Total	**-**	**6,507**

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12 Other income

Particulars	**For the year ended**	
	March 31, 2019	**March 31, 2018**
Interest income on financial asset at amortised cost	31,509	27,990
Foreign exchange gain (net)	228,485	1,176,133
Total	**259,994**	**1,204,123**

13 Employee benefits expense

Particulars	**For the year ended**	
	March 31, 2019	**March 31, 2018**
Salaries and wages	475,528	778,485
Contribution to provident and other funds	172,751	238,271
Staff welfare expenses	2,997	-
Total	**651,276**	**1,016,756**

14 Other expenses

Particulars	**For the year ended**	
	March 31, 2019	**March 31, 2018**
Travel expenses	-	165,372
Communication expenses	19,528	109,600
Sub-contractor charges	-	1,066,441
Legal and professional charges	4,545,896	4,661,181
Lease rentals	2,064,435	1,915,274
Repairs and maintenance		
- Buildings	41,416	40,044
Rates and taxes	3,002	21,038
Other expenses	66,489	48,403
Total	**6,740,766**	**8,027,353**

15 Operating lease

The Company leases office facilities under cancellable operating leases. The rental expense under cancellable operating lease during the year ended March 31, 2019 was Rs. 2,064,435 (for the year ended March 31, 2018: Rs.1,915,274).

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16 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2019 and March 31, 2018 is as follows:

Particulars	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets				
Amortised cost				
Loans	155,768	155,768	155,768	155,768
Trade receivable	1,030,655	1,418,854	1,030,655	1,418,854
Cash and cash equivalents	14,227,986	13,006,991	14,227,986	13,006,991
Total assets	**15,414,409**	**14,581,613**	**15,414,409**	**14,581,613**
Financial liabilities				
Amortised cost				
Trade payables	1,344,220	1,214,551	1,344,220	1,214,551
Other financial liabilities	68	37,670	68	37,670
Total liabilities	**1,344,288**	**1,252,221**	**1,344,288**	**1,252,221**

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, 2019 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, 2019	March 31, 2018
Revenue from top customer	7,864,562	9,473,094

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, 2019	As at March 31, 2018
Cash and cash equivalents	14,227,986	13,006,991
Total	**14,227,986**	**13,006,991**

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2019 and March 31, 2018:

Particulars	As at March 31, 2019		
	Less than 1 year	1-2 years	2 years and above
Trade payables	1,344,220	-	-
Other financial liabilities	68	-	-

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	-	-

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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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, 2019	As at March 31, 2018
Total equity attributable to the equity share holders of the Company	14,277,285	13,544,771
As a percentage of total capital	100%	100%
Total capital	**14,277,285**	**13,544,771**

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
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 with effect from April 2, 2019
** Dissolved with effect from December 10, 2018

Transactions with the above related parties during the year were:

Name of related party	Nature of transaction	For the year ended March 31, 2019	For the year ended March 31, 2018
Mindtree Limited	Software services rendered	7,864,562	9,473,094

Balances receivable from related parties are as follows:

Name of related party	Nature of balance	As at March 31, 2019	As at March 31, 2018
Mindtree Limited	Trade receivables	1,030,655	1,418,854

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

Key Managerial Personnel:

Rostow Ravanan	Chairman
Pradip Menon	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, 2019	**March 31, 2018**
India	7,864,562	9,473,094
	7,864,562	**9,473,094**

As per our report of even date attached
For **Deloitte Haskins & Sells**
Chartered Accountants

V. Balaji
Partner

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date : April 17, 2019

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

Rostow Ravanan
Chairman

Pradip Menon
Director

Place: Bengaluru
Date : April 17, 2019