Deloitte Haskins & Sells

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

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

Opinion

We have audited the accompanying special purpose financial statements of **MINDTREE SOFTWARE (SHANGHAI) CO., LTD** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and 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 special purpose financial statements"). As explained in Note 2.1 to the special purpose financial statements, these financial statements have been prepared by the management of the Company in accordance with the accounting policies of Mindtree Limited ("the Parent") along with additional limited information solely for the consideration in the consolidated financial statements of the Parent as at and for the year ended March 31, 2022.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements present fairly in all material respects, in accordance with the accounting policies of the Parent, the state of affairs of the Company as at March 31, 2022, its profit, total comprehensive income, 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 special purpose 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 special purpose 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 special purpose financial statements.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2.1 to the special purpose financial statements, which describes the basis of preparation and presentation of the special purpose financial statements. As stated therein these special purpose financial statements have been prepared in accordance with the Parent's accounting policies solely for the purpose of its consideration in the consolidated financial statements of the Parent as at and for the year ended March 31, 2022. As a result, these special purpose financial statements would not be suitable for any other purpose.

Our opinion is not modified in respect of this matter.

Management's Responsibility for the Special Purpose Financial Statements

The Board of Directors of the Company are responsible for the preparation of these special purpose 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.

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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 special purpose financial statements by the Directors of the Company, as aforesaid.

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

Auditor's Responsibility for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is 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 special purpose financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose 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 Company.

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

- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose 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 consolidated financial statements.

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- Obtain sufficient appropriate audit evidence regarding the business activities within the Company to express an opinion on the special purpose financial statements.

Materiality is the magnitude of misstatements in the special purpose financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the special purpose financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the special purpose financial statements.

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

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

Restriction of Use

These special purpose financial statements are prepared as per the accounting policies of the Parent, solely for purpose of its consideration in the consolidated financial statements of the Parent as at and for the year ended March 31, 2022. Our report is intended solely for the Company and its Parent and should not be distributed to or used by any other party. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other party to whom this audit report is shown or into whose hands it may come without our prior consent in writing.

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

Monisha Parikh
Partner
(Membership No. 47840)
UDIN - 22047840AHGEIF9047

BENGALURU, April 18, 2022
MP/JT/UM/AR/HG/MARCH 2022

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Balance Sheet as at March 31, 2022

(Amount in Rs)

	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Financial assets	3		
Other financial assets	3.1	198,231	48,345
Other non-current assets	4	10,713	21,253
		208,944	**69,598**
Current assets			
Financial assets	5		
Trade receivables	5.1	496,131	1,014,741
Cash and cash equivalents	5.2	18,970,257	21,708,409
		19,466,388	**22,723,150**
TOTAL ASSETS		**19,675,332**	**22,792,748**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6	13,592,500	13,592,500
Other equity	7	4,605,365	3,710,243
		18,197,865	**17,302,743**
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables		1,327,299	5,061,957
Other current liabilities	8	150,168	428,048
		1,477,467	**5,490,005**
TOTAL EQUITY AND LIABILITIES		**19,675,332**	**22,792,748**

See accompanying notes to the financial statements

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

Monisha Parikh
Partner

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date : April 18, 2022

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

Paneesh Narayan Rao
Director

Sonal Basu
Director

Place: Bengaluru
Date : April 18, 2022

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Statement of profit and loss for the year ended March 31, 2022

(Amount in Rs)

	Note	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations	15	4,743,032	5,237,174
Other income	9	1,912,591	890,857
Total income		**6,655,623**	**6,128,031**
Expenses			
Other expenses	10	5,760,501	3,831,423
Total expenses		**5,760,501**	**3,831,423**
Profit before tax		**895,122**	**2,296,608**
Tax expense		-	-
Profit for the year		**895,122**	**2,296,608**
Other comprehensive income		-	-
Total comprehensive income for the year		**895,122**	**2,296,608**

See accompanying notes to the financial statements

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

Monisha Parikh
Partner

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

Place: Bengaluru
Date : April 18, 2022

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

Paneesh Narayan Rao
Director

Sonal Basu
Director

Place: Bengaluru
Date : April 18, 2022

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Statement of cash flows for the year ended March 31, 2022

		(Amount in Rs)
	For the year ended	
	March 31, 2022	March 31, 2021
Cash flow from operating activities		
Profit for the year	895,122	2,296,608
Adjustments for :		
Interest income on financial assets at amortized cost	(50,649)	(45,389)
Other income	527,395	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(690,915)	651,813
	680,953	2,903,032
Changes in operating assets and liabilities		
Trade receivables	518,610	575,896
Other assets	(149,886)	(2,627)
Trade payables	(3,734,658)	3,858,834
Other liabilities and provisions	(805,275)	168,115
Net cash provided by/ (used in) operating activities before taxes	**(3,490,256)**	**7,503,250**
Income tax refund / (paid)	10,540	2,399
Net cash provided by / (used in) operating activities	**(3,479,716)**	**7,505,649**
Cash flow from investing activities		
Interest income on financial assets at amortized cost	50,649	45,389
Net cash provided by investing activities	**50,649**	**45,389**
Cash flow from financing activities		
Net cash provided by / (used in) financing activities	-	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	690,915	(651,813)
Net increase / (decrease) in cash and cash equivalents	**(2,738,152)**	**6,899,225**
Cash and cash equivalents at the beginning of the year	21,708,409	14,809,184
Cash and cash equivalents at the end of the year (refer note 5.2)	**18,970,257**	**21,708,409**

See accompanying notes to the financials statements

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

Monisha Parikh
Partner

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place: Bengaluru
Date : April 18, 2022

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

Paneesh Narayan Rao
Director

Sonal Basu
Director

Place: Bengaluru
Date : April 18, 2022

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Statement of changes in equity for the year ended March 31, 2022

(a) Equity share capital

	(Amount in Rs)
Balance as at April 1, 2020	**13,592,500**
Add: Shares issued	-
Balance as at March 31, 2021	**13,592,500**
Balance as at April 1, 2021	**13,592,500**
Add: Shares issued	-
Balance as at March 31, 2022	**13,592,500**

(b) Other equity

Particulars	Retained earnings	Total other equity
Balance as at April 1, 2020	**1,413,635**	**1,413,635**
Profit for the year	2,296,608	2,296,608
Balance as at March 31, 2021	**3,710,243**	**3,710,243**
Balance as at April 1, 2021	**3,710,243**	**3,710,243**
Profit for the year	895,122	895,122
Balance as at March 31, 2022	**4,605,365**	**4,605,365**

See accompanying notes to the financial statements

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

Monisha Parikh
Partner

Place: Bengaluru
Date : April 18, 2022

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

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

Paneesh Narayan Rao
Director

Sonal Basu
Director

Place: Bengaluru
Date : April 18, 2022

1. Company overview

Mindtree Software (Shanghai) Co., Ltd. ('the Company') is a wholly owned subsidiary of Mindtree Limited ('the Parent'). Mindtree Limited, headquartered in Bengaluru, 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 and solutions around Internet of Things (IoT) & Artificial Intelligence (AI)/ Machine Learning (ML).

The Company is headquartered in Shanghai.

2. Significant accounting policies

2.1 Basis of preparation and presentation

(a) Basis of preparation

These special purpose financial statements 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.

(b) Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial assets and liabilities 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 labour 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) *Other estimates:* The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets and 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.

iii) *Estimation uncertainty relating to COVID-19 outbreak:* The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of trade receivables. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

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 (INR).

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CHARTERED ACCOUNTANTS
BENGALURU

(ii) Foreign currency transactions and balances

Transactions in foreign currency are translated into the functional currency 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.

For the purposes of presenting the financial statements in INR, monetary assets and monetary liabilities are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any are recognised in other comprehensive income and accumulated in equity.

(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 amortized cost and non derivative financial liabilities at amortized 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 amortized cost

A financial asset shall be measured at amortized 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 amortized 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 amortized cost

Financial liabilities at amortized 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

The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than USD 5,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

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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 amortized 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").

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CHARTERED ACCOUNTANTS
BENGALURU

(vi) 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.

(vii) 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, other indirect taxes 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 present 'Advance from customers'.

(viii) 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.

(ix) 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.

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

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

All amounts in Indian Rupees, except share and per share data,

Non-current assets

3 Financial assets

3.1 Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good)		
Security deposits	198,231	48,345
Total	**198,231**	**48,345**

4 Other non-current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advance income-tax including tax deducted at source (net of provision for taxes)	10,713	21,253
Total	**10,713**	**21,253**

Current assets

5 Financial assets

5.1 Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
(Unsecured)		
Considered good (Refer note 15)	496,131	1,014,741
Total	**496,131**	**1,014,741**

5.2 Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks in current accounts and deposit accounts	18,970,257	21,708,409
Total	**18,970,257**	**21,708,409**

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

6 Equity share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Issued, subscribed and paid-up capital	13,592,500	13,592,500
The registered capital is $250,000 (March 31, 2021 $250,000) which is paid fully by Mindtree Limited, Parent Company at Rs 54.37 per USD which equals to Rs 13,592,500/-		
Total	**13,592,500**	**13,592,500**

7 Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
Retained earnings	4,605,365	3,710,243
Total	**4,605,365**	**3,710,243**

Current liabilities

8 Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues	137,943	421,086
Others	12,225	6,962
	150,168	**428,048**

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9 Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income on financial asset at amortized cost	50,649	45,389
Foreign exchange gain (net)	1,334,547	845,469
Others	527,395	-
Total	**1,912,591**	**890,858**

10 Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Legal and professional charges	5,014,936	3,636,902
Lease rentals	699,345	119,855
Rates and taxes	9,960	10,975
Other expenses	36,260	63,691
Total	**5,760,501**	**3,831,423**

11 Operating lease

The Company leases office facilities under cancellable operating leases. The rental expense under cancelable operating lease during the year ended March 31, 2022 was Rs 699,345 (for the year ended March 31, 2021: Rs. 119,855).

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12 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2022 and March 31, 2021 is as follows:

Particulars	Carrying value		Fair value	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 20
Financial assets				
Amortized cost				
Other financial assets	198,231	48,345	198,231	48,34
Trade receivable	496,131	1,014,741	496,131	1,014,74
Cash and cash equivalents	18,970,257	21,708,409	18,970,257	21,708,40
Total assets	**19,664,619**	**22,771,495**	**19,664,619**	**22,771,49**
Financial liabilities				
Amortized cost				
Trade payables	1,327,299	5,061,957	1,327,299	5,061,95
Total liabilities	**1,327,299**	**5,061,957**	**1,327,299**	**5,061,95**

The management assessed that fair value of cash and cash equivalents, trade receivables, trade payables, other financial assets and other financial liabilit 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 willi parties, other than in a forced or liquidation sale. The fair-value of the financial-instruments factor the uncertainties arising out of COVID-19, where applicable.

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

Fixed-rate and variable-rate receivables are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individu creditworthiness of the customer and other relevant risk characteristics. Based on this evaluation, allowances are taken into account for the expected losses of the receivables.

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13 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 Comapany'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, 2022	**March 31, 2021**
Revenue from top customer	4,743,032	5,237,174

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.

Liquidity position of the Company is given below:

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Cash and cash equivalents	18,970,257	21,708,409
Total	**18,970,257**	**21,708,409**

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022 and March 31, 2021:

Particulars	**As at March 31, 2022**		
	Less than 1 year	**1-2 years**	**2 years and above**
Trade payables	1,327,299	-	-

Particulars	**As at March 31, 2021**		
	Less than 1 year	**1-2 years**	**2 years and above**
Trade payables	5,061,957	-	-

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14 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, 2022	As at March 31, 2021
Total equity attributable to the equity share holders of the Company	18,197,865	17,302,743
As percentage of total capital	100%	100%
Total capital	**18,197,865**	**17,302,743**

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.

15 Related party transaction

Name of related party	Nature of relationship
Mindtree Limited	Parent Company
Larsen & Toubro Limited	Ultimate Holding Company
Bluefin Solutions Sdn Bhd	Fellow subsidiary

Transactions with the above related parties during the year were:

Name of related party	Nature of transaction	For the year ended March 31, 2022	For the year ended March 31, 2021
Mindtree Limited	Software services rendered	4,743,032	5,237,174

Balances receivable from related parties are as follows:

Name of related party	Nature of balance	As at March 31, 2022	As at March 31, 2021
Mindtree Limited	Trade receivables	496,131	1,014,741

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

Key Managerial Personnel:

Sonal Basu	Director
Paneesh Narayan Rao	Director
Balakrishnan Shanmugham*	Director
Vinit Ajit Teredesai**	Director

*Resigned with effect from June 10, 2021.
**Appointed with effect from June 10, 2021.

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

16 Segment information

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

The entire revenue relates to revenue from time and material contracts.

Geographical information

Revenue	**For the year ended**	
	March 31, 2022	**March 31, 2021**
India	4,743,032	5,237,174
	4,743,032	**5,237,174**

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

Monisha Parikh
Partner

Place: Bengaluru
Date : April 18, 2022

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

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

Paneesh Narayan Rao
Director

Sonal Basu
Director

Place: Bengaluru
Date : April 18, 2022