

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, 2021, 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 Mindtree Limited ("the Parent") in accordance with the accounting policies of the Parent along with additional limited information solely for its consideration in its consolidated financial statements as at and for the year ended March 31, 2021.

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, 2021, 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 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 special purpose financial statements, which describes the basis of preparation and presentation of the 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, 2021. As a result, these 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 Parent 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 and in compliance with the recognition and measurement principles laid down under the Ind AS.

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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 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 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 Parent.
- Conclude on the appropriateness of Parent's 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 financial statements.
- Obtain sufficient appropriate audit evidence regarding the business activities within the Company to express an opinion on the financial statements.

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Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 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 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, 2021. 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.

BENGALURU, April 16, 2021
MP/JT/SS/AR/MAR 2021

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



Monisha Parikh
Partner
(Membership No. 47840)
UDIN- 21047840AAAABK6323

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Balance Sheet as at March 31, 2021

		(Amount in Rs)	
	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Financial assets			
Loans	3		
Other non-current assets	3.1	48,345	45,718
	4	21,253	23,652
		<u>69,598</u>	<u>69,370</u>
Current assets			
Financial assets	5		
Trade receivables	5.1	1,014,741	1,590,637
Cash and cash equivalents	5.2	21,708,409	14,809,184
		<u>22,723,150</u>	<u>16,399,821</u>
		<u>22,792,748</u>	<u>16,469,191</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6	13,592,500	13,592,500
Other equity	7	3,710,243	1,413,635
		<u>17,302,743</u>	<u>15,006,135</u>
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables		5,061,957	1,203,124
Other current liabilities	8	428,048	259,932
		<u>5,490,005</u>	<u>1,463,056</u>
		<u>22,792,748</u>	<u>16,469,191</u>
TOTAL EQUITY AND LIABILITIES			

See accompanying notes to the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells

Chartered Accountants

Monisha Parikh

Monisha Parikh
Partner

Place: Bengaluru
Date: April 16, 2021



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

Paneesh Narayan Rao
Paneesh Narayan Rao
Director

Sonal Basu
Sonal Basu
Director

Place: Bengaluru
Date: April 16, 2021

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Statement of profit and loss for the year ended March 31, 2021

		(Amount in Rs)	
		For the year ended	
	Note	March 31, 2021	March 31, 2020
Revenue from operations	15	5,237,174	6,463,996
Other income	9	890,857	408,698
Total income		6,128,031	6,872,694
Expenses			
Other expenses	10	3,831,423	6,143,844
Total expenses		3,831,423	6,143,844
Profit before tax		2,296,608	728,850
Tax expense		-	-
Profit for the year		2,296,608	728,850
Other comprehensive income		-	-
Total comprehensive income for the year		2,296,608	728,850

See accompanying notes to the financial statements

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

Monisha Parikh

Monisha Parikh
Partner



Place: Bengaluru
Date : April 16, 2021

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

Panceesh Narayan Rao
Panceesh Narayan Rao
Director

Sonal Basu
Sonal Basu
Director

Place: Bengaluru
Date : April 16, 2021

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Statement of cash flows for the year ended March 31, 2021

	(Amount in Rs)	
	For the year ended	
	March 31, 2021	March 31, 2020
Cash flow from operating activities		
Profit for the year	2,296,608	728,850
<i>Adjustments for :</i>		
Interest income on financial assets at amortized cost	(45,389)	(32,719)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	651,813	(1,032,380)
<i>Changes in operating assets and liabilities</i>		
Trade receivables	575,896	(559,982)
Loans advances and other assets	(2,627)	362,692
Trade payables	3,858,834	(141,095)
Other liabilities and provisions	168,115	214,385
Net cash provided by/ (used in) operating activities before taxes	7,503,250	(460,249)
Income tax refund / (paid)	2,399	(23,652)
Net cash provided by / (used in) operating activities	7,505,649	(483,901)
Cash flow from investing activities		
Interest income on financial assets at amortized cost	45,389	32,719
Net cash provided by investing activities	45,389	32,719
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	(651,813)	1,032,380
Net increase in cash and cash equivalents	6,899,225	581,198
Cash and cash equivalents at the beginning of the year	14,809,184	14,227,986
Cash and cash equivalents at the end of the year (refer note 5.2)	21,708,409	14,809,184

See accompanying notes to the financials statements

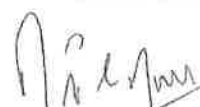
As per our report of even date attached
For Deloitte Haskins & Sells
Chartered Accountants


Monisha Parikh
Partner



Place: Bengaluru
Date : April 16, 2021

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


Panchesh Narayan Rao
Director


Sonal Basu
Director

Place: Bengaluru
Date : April 16, 2021

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Statement of changes in equity for the year ended March 31, 2021

	(Amount in Rs)
(a) Equity share capital	
Balance as at April 1, 2019	13,592,500
Add: Shares issued	-
Add: Bonus shares issued	-
Balance as at March 31, 2020	13,592,500
Balance as at April 1, 2020	13,592,500
Add: Shares issued	-
Add: Bonus shares issued	-
Balance as at March 31, 2021	13,592,500

(b) Other equity		
Particulars	Retained earnings	Total other equity
Balance as at April 1, 2019	684,785	684,785
Profit for the year	728,850	728,850
Balance as at March 31, 2020	1,413,635	1,413,635
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

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 16, 2021



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


Panchesh Narayan Rao
Director

Place: Bengaluru
Date : April 16, 2021


Sonal Basu
Director

Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Significant accounting policies and notes to the financial statements
For the year ended March 31, 2021
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 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.

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 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, 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 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 including unbilled 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.



Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Significant accounting policies and notes to the financial statements
For the year ended March 31, 2021
All amounts in Indian Rupees, except share and per share data, unless otherwise stated

(ii) Foreign currency transactions and balances

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

(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.



Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Significant accounting policies and notes to the financial statements
For the year ended March 31, 2021
All amounts in Indian Rupees, except share and per share data, unless otherwise stated

(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").



Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Significant accounting policies and notes to the financial statements
For the year ended March 31, 2021
All amounts in Indian Rupees, except share and per share data, unless otherwise stated

(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, 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 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.



Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Significant accounting policies and notes to the financial statements
For the year ended March 31, 2021
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, 2021	As at March 31, 2020
	<i>(Unsecured, considered good)</i>		
	Security deposits	48,345	45,718
	Total	48,345	45,718
4	Other non-current assets		
	Particulars	As at March 31, 2021	As at March 31, 2020
	Advance income-tax including tax deducted at source (net of provision for taxes)	21,253	23,652
	Total	21,253	23,652
	Current assets		
5	Financial assets		
5.1	Trade receivables		
	Particulars	As at March 31, 2021	As at March 31, 2020
	<i>(Unsecured)</i>		
	Considered good (Refer note 15)	1,014,741	1,590,637
	Total	1,014,741	1,590,637
5.2	Cash and cash equivalents		
	Particulars	As at March 31, 2021	As at March 31, 2020
	Balances with banks in current accounts and deposit accounts	21,708,409	14,809,184
	Total	21,708,409	14,809,184



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

Significant accounting policies and notes to the financial statements

For the year ended March 31, 2021

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

6 Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Issued, subscribed and paid-up capital	13,592,500	13,592,500
The registered capital is \$250,000 (March 31, 2020 \$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

7 Other equity

	As at March 31, 2021	As at March 31, 2020
Retained earnings	3,710,243	1,413,635
Total	3,710,243	1,413,635

8 Other current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues	421,086	252,973
Others	6,962	6,959
	428,048	259,932



Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
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For the year ended March 31, 2021
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9 Other income

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Interest income on financial asset at amortized cost	45,389	32,719
Foreign exchange gain (net)	845,469	74,023
Others	-	301,956
Total	890,858	408,698

10 Other expenses

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Legal and professional charges	3,636,902	4,298,528
Lease rentals	119,855	1,744,124
Repairs and maintenance		
- Buildings	-	9,998
Rates and taxes	10,975	13,574
Other expenses	63,691	77,620
Total	3,831,423	6,143,844

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, 2021 was Rs. 119,855 (for the year ended March 31, 2020: Rs. 1,744,124).



Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
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12 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2021 and March 31, 2020 is as follows:

Particulars	Carrying value		Fair value	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Financial assets				
Amortized cost				
Loans	48,345	45,718	48,345	45,718
Trade receivable	1,014,741	1,590,637	1,014,741	1,590,637
Cash and cash equivalents	21,708,409	14,809,184	21,708,409	14,809,184
Total assets	22,771,495	16,445,539	22,771,495	16,445,539
Financial liabilities				
Amortized cost				
Trade payables	5,061,957	1,203,124	5,061,957	1,203,124
Total liabilities	5,061,957	1,203,124	5,061,957	1,203,124

The management assessed that fair value of cash and cash equivalents, loans, trade receivables and trade payables 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 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:

- 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.
- 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, 2021 was assessed to be insignificant.



Mindtree Software (Shanghai) Co., Ltd ('MSSCL')**Significant accounting policies and notes to the financial statements****For the year ended March 31, 2021****All amounts in Indian Rupees, except share and per share data, unless otherwise stated****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 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, 2021	March 31, 2020
Revenue from top customer	5,237,174	6,463,996
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	As at
	March 31, 2021	March 31, 2020
Cash and cash equivalents	21,708,409	14,809,184
Total	21,708,409	14,809,184

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2021 and March 31, 2020 :

Particulars	As at March 31, 2021		
	Less than 1 year	1-2 years	2 years and above
Trade payables	5,061,957	-	-
Particulars	As at March 31, 2020		
	Less than 1 year	1-2 years	2 years and above
Trade payables	1,203,124	-	-



Mindtree Software (Shanghai) Co., Ltd ('MSSCL')
Significant accounting policies and notes to the financial statements
For the year ended March 31, 2021
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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, 2021	As at March 31, 2020
Total equity attributable to the equity share holders of the Company	17,302,743	15,006,135
As percentage of total capital	100%	100%
Total capital	17,302,743	15,006,135

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	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
Bluefin Solutions Pte Ltd [#]	Fellow subsidiary with effect from July 16, 2015
Larsen & Toubro Limited	Ultimate Holding Company with effect from July 2, 2019
L&T Investment Management Ltd ^{###}	Fellow Subsidiary with effect from July 2, 2019

*Dissolved with effect from April 2, 2019

**Dissolved with effect from December 17, 2019.

[#]Dissolved with effect from March 20, 2020.

^{###}Investment Manager for L&T Mutual Fund.

Transactions with the above related parties during the year were:

Name of related party	Nature of transaction	For the year ended March 31, 2021	March 31, 2020
Mindtree Limited	Software services rendered	5,237,174	6,463,996

Balances receivable from related parties are as follows:

Name of related party	Nature of balance	As at March 31, 2021	As at March 31, 2020
Mindtree Limited	Trade receivables	1,014,741	1,590,637

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

Key Managerial Personnel:

Rostow Ravanani [#]	Chairman
Pradip Menon ^{###}	Director
Sonal Basu*	Director
Paneesh Narayan Rao**	Director
Balakrishnan Shanmugham***	Director

[#]Resigned from the Board on July 17, 2019

^{###}Resigned on November 15, 2019

*Appointed with effect from July 17, 2019

**Appointed with effect from January 14, 2020

***Appointed with effect from January 14, 2020



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

Significant accounting policies and notes to the financial statements

For the year ended March 31, 2021

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" (erstwhile High Technology and Media) 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, 2021	March 31, 2020
India	5,237,174	6,463,996
	5,237,174	6,463,996

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

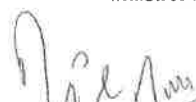


Monisha Parikh
Partner

Place: Bengaluru
Date : April 16, 2021



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


Pooresh Narayan Rao
Director


Sonal Basu
Director

Place: Bengaluru
Date : April 16, 2021