



P. K. Shah & Co.

Chartered Accountants

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Siliguri- 734001

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Independent Auditor's Report

To the Members of Mistral Technologies Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Mistral Technologies Private Limited ("the Company") which comprise the balance sheet as at 31 March 2019, the statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act"), in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019 and its profit/loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditor's Responsibilities 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 Institute of Chartered Accountants of India ("ICAI") together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.



In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of 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 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.
5. Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control 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.



Other Matters

Corresponding figures for the year ended 31 March 2018 have been audited by another auditor who expressed an unmodified opinion dated 25 May 2018 on the financial statements of the Company for the year ended 31 March 2018. Our opinion on the financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company does not have any pending litigations which would impact its financial position.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



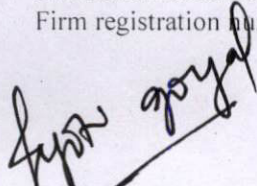
P K Shah & Co.

- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv) With respect to the matter to be included in the auditors' report under Section 197(16), in our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the current year. Hence, the provision with respect to limit laid down under Section 197 of the Act is not applicable to the Company. The MCA has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for P K Shah & Co.

Chartered Accountants

Firm registration number: 308150E



Jyoti Goyal

Partner

Membership number: 311672

Place : Bengaluru

Date : 02 May 2019

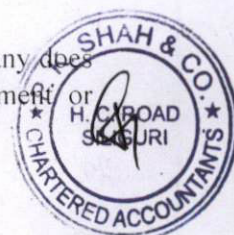
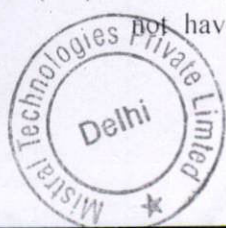
Annexure – A to the Independent Auditor’s Report

With reference to the Annexure A referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor’s Report to the Members of the Company on the financial statements for the year ended 31 March 2019, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified every year. In accordance with this programme, all fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not have any immovable property. Thus, the paragraph 3 (i) (c) of the Order is not applicable to the Company.
- (ii) The Company is primarily engaged in rendering end-to-end services for product design and development in the embedded space. The inventory comprises software imported which has not been billed to the customers and there are no physical inventories at the end of the year. Accordingly, the paragraph 3 (ii) of the Order is not applicable to the Company.
- (iii) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (‘the Act’).
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans given and investments made. The Company has not provided any guarantee or security that are covered under the provisions of Sections 185 and 186 of the Act.
- (v) The Company has not accepted any deposits from the public. Hence, paragraph 3 (v) of the order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the products sold and services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees State Insurance, Income-tax, Goods and Services tax, Duty of customs, cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employee State Insurance, Income-tax, Goods and Services tax, Duty of customs, cess and any other material statutory dues were in arrears, as at 31 March 2019, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of cess and any other statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institutions, banks or government.



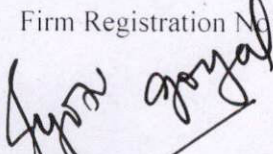
Annexure – A to the Independent Auditor’s Report (continued)

- debenture holders during the year and hence reporting under the paragraph 3 (viii) of the Order is not applicable to the Company.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) and term loans during the year. Thus, the paragraph 3 (ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on the examination of the records of the Company, the Company has not paid / provided for managerial remuneration during the year. Thus, the paragraph 3 (xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards. According to the information and explanations given to us, the Company is not required to constitute an Audit committee in accordance with Section 177 of the Act.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanation given to us and in our opinion the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act,1934.

for **P K Shah & Co.**

Chartered Accountants

Firm Registration No: 308150E



Jyoti Goyal
Partner

Membership Number: 311672

Place: Bengaluru

Date: 02 May 2019



P. K. Shah & Co.

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Annexure B to the Independent Auditor's Report of even date on the financial statements of Mistral Technologies Private Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to the financial statements of Mistral Technologies Private Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to the financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to the financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to the financial statements.



Annexure B to the Independent Auditor's Report of even date on the financial statements of Mistral Technologies Private Limited (continued)

Meaning of Internal Financial Controls with reference to the financial statements

A company's internal financial control with reference to the financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to the financial statements includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to the financial statements

Because of the inherent limitations of internal financial controls with reference to the financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the financial statements to future periods are subject to the risk that the internal financial control with reference to the financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

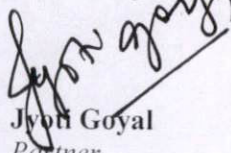
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to the financial statements and such internal financial controls with reference to the financial statements were operating effectively as at 31 March 2019, based on the internal control with reference to the financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

for P K Shah & Co.

Chartered Accountants

Firm's Registration Number: 308150E



Jyoti Goyal

Partner

Membership Number: 311672

Place: Bengaluru

Date: 02 May 2019

| As at | Note | 31 March 2019 | 31 March 2018 |
|--|------|-------------------|-------------------|
| I. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Property, plant and equipment | 4 | 80,333 | 121,510 |
| (b) Deferred tax asset, (net) | 25 | 683,452 | 578,880 |
| (c) Income tax assets, (net) | 25 | 39,515 | - |
| Total non-current assets | | 803,300 | 700,390 |
| (2) Current assets | | | |
| (a) Inventories | 5 | 923,000 | 2,169,093 |
| (b) Financial assets | | | |
| (i) Investments | 6 | 11,499,533 | 7,010,199 |
| (ii) Trade receivables | 7 | 34,127,923 | 27,062,196 |
| (iii) Cash and cash equivalents | 8 | 15,529,479 | 3,452,327 |
| (iv) Loans receivables | 9 | 17,500,000 | 17,500,000 |
| (c) Other current assets | 10 | 7,428,097 | 1,119,369 |
| Total current assets | | 87,008,032 | 58,313,184 |
| Total assets | | 87,811,332 | 59,013,574 |
| II EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 11 | 100,000 | 100,000 |
| (b) Other equity | 12 | 56,155,277 | 39,861,852 |
| Total equity | | 56,255,277 | 39,961,852 |
| Liabilities | | | |
| (1) Non-current liabilities | | | |
| (a) Provisions | 13 | 2,231,424 | 1,973,635 |
| Total non-current liabilities | | 2,231,424 | 1,973,635 |
| (2) Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | | - | - |
| (a) total outstanding dues of micro enterprises and small enterprises | 14 | | |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | | 23,346,267 | 11,677,488 |
| (ii) Other financial liabilities | 15 | 1,599,556 | 2,209,368 |
| (b) Other current liabilities | 16 | 2,643,286 | 1,044,413 |
| (c) Provisions | 17 | 217,628 | 179,134 |
| (d) Current tax liabilities, (net) | 25 | 1,517,894 | 1,967,685 |
| Total Current liabilities | | 29,324,631 | 17,078,087 |
| Total liabilities | | 31,556,055 | 19,051,722 |
| Total equity and liabilities | | 87,811,332 | 59,013,574 |
| Significant accounting policies | 3 | | |

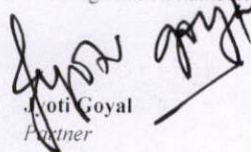
See accompanying notes to financial statements

As per our report of even date attached

for P K Shah & Co.

Chartered Accountant

Firm registration number: 308150E



Jyoti Goyal
Partner

Membership Number: 311672

Place: Bengaluru

Date: 02 May 2019

for and on behalf of the Board of Directors of
Mistral Technologies Private Limited



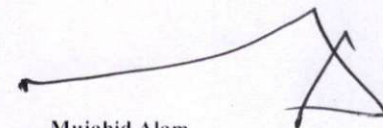
Rajeev Ramachandra

Director

DIN: 00178796

Place: Bengaluru

Date: 02 May 2019



Mujahid Alam

Director

DIN: 02651595

Place: Bengaluru

Date: 02 May 2019

Mistral Technologies Private Limited
Statement of profit and loss

Amount in Rs.

| For the year ended | Note | 31 March 2019 | 31 March 2018 |
|---|------|-----------------------|--------------------|
| I. Revenue from operations | 18 | 102,732,533 | 100,863,682 |
| II. Other income | 19 | 2,306,457 | 1,335,715 |
| III. Total Income (I+II) | | <u>105,038,990.00</u> | <u>102,199,397</u> |
| IV. Expenses | | | |
| Purchase of stock-in-trade | 20 | 62,798,231 | 59,034,567 |
| Changes in inventories of stock-in-trade | 21 | 1,246,093 | (2,169,093) |
| Employee benefits expense | 22 | 9,112,780 | 8,404,434 |
| Finance costs | 23 | 127,537 | - |
| Depreciation expense | 4 | 41,177 | 64,740 |
| Other expenses | 24 | 9,087,470 | 3,968,430 |
| Total expenses | | <u>82,413,288</u> | <u>69,303,078</u> |
| V. Profit before tax (III-IV) | | <u>22,625,702</u> | <u>32,896,318</u> |
| VI. Tax expense | | | |
| (i) Current tax | 25 | 6,409,581 | 9,445,939 |
| (ii) Deferred Tax | 25 | (104,572) | (578,880) |
| | | <u>6,305,009</u> | <u>8,867,059</u> |
| VII. Profit for the period (V-VI) | | <u>16,320,693</u> | <u>24,029,260</u> |
| VIII. Other comprehensive income | | | |
| <i>Items that will not to be reclassified subsequently to statement of profit or loss:</i> | | | |
| Remeasurements of the net defined benefit liability / asset | | (36,849) | 136,369 |
| Income tax relating to items not to be reclassified subsequently to statement of profit or loss | | 9,581 | (35,142) |
| Other comprehensive income, net of tax | | <u>(27,268)</u> | <u>101,227</u> |
| IX. Total comprehensive income for the year (VII+VIII) | | <u>16,293,425</u> | <u>24,130,486</u> |

Earnings per share (nominal value of Rs 5 each)

Attributable to equity holders of the Company

| | | | |
|------------------|----|--------|----------|
| Basic [in Rs] | 28 | 816.03 | 1,201.46 |
| Diluted [in Rs] | 28 | 816.03 | 1,201.46 |

Weighted average number of equity shares used in computing earning per share

| | | | |
|----------|--|--------|--------|
| -Basic | | 20,000 | 20,000 |
| -Diluted | | 20,000 | 20,000 |

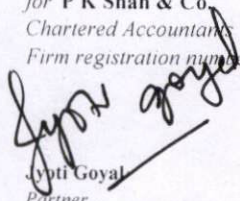
Significant accounting policies

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See accompanying notes to financial statements


As per our report of even date attached

for P K Shah & Co.
Chartered Accountants
Firm registration number: 308150E


Jyoti Goyal
Partner
Membership Number: 311672

Place: Bengaluru
Date: 02 May 2019

for and on behalf of the Board of Directors of
Mistral Technologies Private Limited


Rajeev Ramachandra
Director
DIN: 00178796

Place: Bengaluru
Date: 02 May 2019


Mujahid Alam
Director
DIN: 02651595

Place: Bengaluru
Date: 02 May 2019

Mistral Technologies Private Limited
Statement of changes in equity

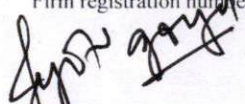
Amount in Rs.

| Particulars | Equity share capital | Surplus | Other comprehensive income | | Total equity attributable to equity holders of the Company |
|---|----------------------|-------------------|--------------------------------|--------------------|--|
| | | Retained earnings | Equity instruments through OCI | Other items of OCI | |
| Balance as at 1 April 2017 | 100,000 | 15,731,366 | - | - | 15,831,366 |
| Changes in equity for the year ended 31 March 2018 | | | | | |
| Remeasurement of the net defined benefit liability/asset, net of tax effect | - | - | - | 101,227 | 101,227 |
| Profit for the year | - | 24,029,260 | - | - | 24,029,260 |
| Balance as at 31 March 2018 | 100,000 | 39,760,626 | - | 101,227 | 39,961,852 |

| Particulars | Equity share capital | Surplus | Other comprehensive income | | Total equity attributable to equity holders of the Company |
|---|----------------------|-------------------|--------------------------------|--------------------|--|
| | | Retained earnings | Equity instruments through OCI | Other items of OCI | |
| Balance as at 1 April 2018 | 100,000 | 39,760,626 | - | 101,227 | 39,961,852 |
| Changes in equity for the year ended 31 March 2019 | | | | | |
| Remeasurement of the net defined benefit liability/asset, net of tax effect | - | - | - | (27,268) | (27,268) |
| Profit for the year | - | 16,320,693 | - | - | 16,320,693 |
| Balance as at 31 March 2019 | 100,000 | 56,081,319 | - | (27,268) | 56,255,277 |

As per our report of even date attached

for P K Shah & Co.
Chartered Accountants
Firm registration number: 308150E


Jyoti Goyal
Partner

Membership Number: 311672

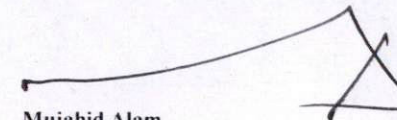
Place: Bengaluru
Date: 02 May 2019

for and on behalf of the Board of Directors of
Mistral Technologies Private Limited



Rajeev Ramachandra
Director
DIN: 00178796

Place : Bengaluru
Date: 02 May 2019



Mujahid Alam
Director
DIN: 02651595

Place : Bengaluru
Date: 02 May 2019

Mistral Technologies Private Limited
Statement of cash flow

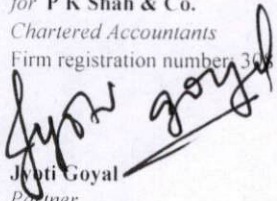
Amount in Rs.

| For the year ended | 31 March 2019 | 31 March 2018 |
|---|--------------------|---------------------|
| Cash flow from operating activities | | |
| Profit before tax | 22,625,702 | 32,896,318 |
| <u>Adjustments for:</u> | | |
| Depreciation | 41,177 | 64,740 |
| Dividend income | (179,534) | (72,822) |
| Net gain on financial asset measured at fair value through statement of profit and loss | (206,750) | - |
| Interest income | (1,750,000) | (1,073,287) |
| Interest expense | 127,537 | - |
| Provision no longer required, written back | - | 189,606 |
| Unrealised foreign exchange gain | (473,192) | - |
| | 20,184,940 | 32,004,555 |
| <u>Changes in:</u> | | |
| Trade receivables | (7,065,727) | (12,942,235) |
| Inventories | 1,246,093 | (2,169,093) |
| Loans, other financial assets and other assets | (6,308,728) | (1,075,477) |
| Liabilities and provisions | 13,390,467 | 14,879,115 |
| Cash generated from operations | 21,447,045 | 30,696,865 |
| Income tax paid, net of refund | (6,889,306) | (7,860,062) |
| Net cash from operating activities | 14,557,739 | 22,836,803 |
| Cash flow from investing activities | | |
| Acquisition of property, plant and equipment | - | (186,250) |
| Purchase of investments, net | (4,351,236) | (7,010,199) |
| Profit on sale of investments | 68,652 | - |
| Dividend received | 179,534 | 72,822 |
| Inter- corporate deposits placed | - | (17,500,000) |
| Interest received | 1,750,000 | 1,073,287 |
| Net cash provided used in investing activities | (2,353,050) | (23,550,340) |
| Cash flow from financing activities | | |
| Interest paid | (127,537) | - |
| Net cash used in financing activities | (127,537) | - |
| Net change in cash and cash equivalents | 12,077,152 | (713,537) |
| Cash and cash equivalents at the beginning of the year | 3,452,327 | 4,165,864 |
| Cash and cash equivalents at the end of the year | 15,529,479 | 3,452,327 |

Significant accounting policies (refer note 3)

See accompanying notes to financial statements

for P K Shah & Co.
Chartered Accountants
Firm registration number 306150E


Jyoti Goyal
Partner
Membership Number: 311672

Place: Bengaluru
Date: 02 May 2019

for and on the behalf of Board of Directors of
Mistral Technologies Private Limited


Rajeev Ramachandra
Director
DIN: 00178796

Place: Bangalore
Date: 02 May 2019


Mujahid Alam
Director
DIN: 02651595

Place: Bangalore
Date: 02 May 2019

1 Reporting Entity

Mistral Technologies Private Limited (the 'Company') is a company domiciled in India, with its registered office situated at New Delhi. The Company was incorporated on 17 July 2014 under the provisions of the Indian Companies Act. The Company is primarily engaged in rendering end-to-end services for product design and development in the embedded space. The Company offers design and development services covering hardware and software, customizable product designs and IPs, system integration and other solutions that improve quality and accelerate time-to-market for a broad range of embedded systems.

2 Basis of preparation

A. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended, notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on 02 May 2019

Details of the Company's accounting policies are included in Note 3

B. Functional and presentation currency

The financial statements are presented in Indian Rupees, which is also the Company's functional currency. All amounts have been rounded off to two decimal places to the nearest rupees, unless otherwise stated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

| Items | Measurement Basis |
|--|---|
| Certain financial assets and liabilities | Fair Value |
| Net defined benefit (asset)/liability | Fair value of plan assets less present value of defined benefit obligations |

D. Use of estimates and judgements

In preparing the financial statements, management has made judgements, 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 an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these financial statements is included in the following notes:

- Note 26 - leases: whether an arrangement contains a lease and lease classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- Note 25 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

- Note 33 - measurement of defined benefit obligations: key actuarial assumptions;

- Note 32 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

- Note 3 (a) - useful life of property, plant and equipment; and

E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the note 31 - financial instruments.



3 Significant accounting policies

(a) Property, plant and equipment

i Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii Depreciation

Depreciation on property, plant and equipment is provided as per the written down value (WDV) method over the useful lives of assets estimated by the Management. Depreciation for assets purchased/sold during the year is proportionately charged.

The range of estimated useful lives of items of property, plant and equipment are as follows

| Asset | Useful Life |
|------------------|-------------|
| Computer system* | 6 years |

* The Company believes the useful lives as given above best represent the useful life of these assets based on internal assessment where necessary, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

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

(b) Impairment

(i) Financial Assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

(ii) Non - financial Assets

Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

(c) Inventories

Inventories which comprise of traded goods are valued at the lower of cost or estimated net realisable value. Cost comprises purchase price and all incidental expenses incurred in bringing the inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The method of determination of cost is as follows:

Traded goods are valued at first in first out method

Goods in transit are valued at actual cost

The Company periodically assesses the inventory for obsolescence and slow moving stocks.



(d) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary.

(e) Financial instruments

i Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii Classification and subsequent measurement

Financial Assets

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby the transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

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

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



Financial instruments (continued)

iv *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

(f) **Foreign currencies**

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(g) **Revenue Recognition**

Effective 1 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue Recognition. The Company has adopted Ind AS 115 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the information presented for the year ended 31 March 2018 has not been restated – i.e. it is presented, as previously reported, under Ind AS 18 and related interpretations.

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Company derives its revenue primarily from professional engineering services, sale of products and system engineering and traded sales. Revenue from professional engineering services is either on time-and-material basis or fixed price contracts. Revenue on time-and-material basis is recognised as the related services are rendered. Revenue from fixed price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenue from sale of products and system engineering and traded sales is recognised upon transfer of control of promised goods. Revenue from the sale of goods and services is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue from sale of products, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

Revenue in excess of invoicing are classified as contract assets (referred as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred as deferred revenues).

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of Profit and Loss.

Lease/sub-lease rental income is recognised when right to receive such income is established in accordance with the terms of the contract with the clients.

Dividend income is recognised when the Company's right to receive dividend is established.



Significant accounting policies (continued)

(h) Income Tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

ii Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognized are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

(i) Provision and contingent liabilities

i General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii Contingent liabilities

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii Onerous contracts

Provision for onerous contracts, i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

(j) Employee benefits

i Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.



Provident fund

Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

ii Defined benefit plans

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuations carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

iii) Compensated leave

Compensated absences are provided for based on actuarial valuation carried out by an independent actuary as at the balance sheet date using the projected unit credit method.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

(l) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.



Mistral Technologies Private Limited
Notes on financial statements (continued)

Note 4. Property plant and equipment

Reconciliation of carrying amount

Amount in Rs.

| Description | Gross carrying amount | | | | Accumulated depreciation | | | | Carrying amounts (net) |
|------------------------------------|-----------------------|-----------------|-----------|---------------|--------------------------|-----------------|-----------|---------------|------------------------|
| | As at | Additions | Disposals | As at | As at | Depreciation | Disposals | As at | As at |
| | 1 April 2018 | during the year | | 31 March 2019 | 1 April 2018 | during the year | | 31 March 2019 | 31 March 2019 |
| Property, plant and equipment, own | | | | | | | | | |
| Computer system | 186,250 | - | - | 186,250 | 64,740 | 41,177 | - | 105,917 | 80,333 |
| | 186,250 | - | - | 186,250 | 64,740 | 41,177 | - | 105,917 | 80,333 |

| Description | Gross carrying amount | | | | Accumulated depreciation | | | | Carrying amounts (net) |
|------------------------------------|-----------------------|-----------------|-----------|---------------|--------------------------|-----------------|-----------|---------------|------------------------|
| | As at | Additions | Disposals | As at | As at | Depreciation | Disposals | As at | As at |
| | 1 April 2017 | during the year | | 31 March 2018 | 1 April 2017 | during the year | | 31 March 2018 | 31 March 2018 |
| Property, plant and equipment, own | | | | | | | | | |
| Computer system | - | 186,250 | - | 186,250 | - | 64,740 | - | 64,740 | 121,510 |
| | - | 186,250 | - | 186,250 | - | 64,740 | - | 64,740 | 121,510 |



Mistral Technologies Private Limited
Notes on financial statements (continued)

Amount in Rs.

As at 31 March 2019 31 March 2018

Note 5 - Inventories

| | | |
|--------------|----------------|------------------|
| Traded goods | 923,000 | 2,169,093 |
| | <u>923,000</u> | <u>2,169,093</u> |

Refer note 3 (c) for method of valuation of inventories

Note 6 - Investments

At fair value through profit or loss

Quoted

| | | |
|--|-------------------|------------------|
| Investment in mutual funds | 10,516,533 | 7,010,199 |
| Investment in equity shares | 983,000 | - |
| | <u>11,499,533</u> | <u>7,010,199</u> |
| Aggregate amount of quoted investments | <u>11,499,533</u> | <u>7,010,199</u> |
| Aggregate market value of quoted investments | <u>11,499,533</u> | <u>7,010,199</u> |

Note 7 - Trade receivables

Unsecured

| | | |
|---------------------|-------------------|-------------------|
| Considered good* | 34,127,923 | 27,062,196 |
| Considered doubtful | - | - |
| | <u>34,127,923</u> | <u>27,062,196</u> |

The Company's exposure to credit and currencies risks, and loss allowances related to trade receivables are disclosed in note 34.

* Includes receivable from related parties (refer note 31)

Note 8 - Cash and bank balances

Cash and cash equivalents:

| | | |
|--------------------|-------------------|------------------|
| - Current accounts | 15,529,479 | 3,452,327 |
| | <u>15,529,479</u> | <u>3,452,327</u> |

Note 9 - Loans receivables

Unsecured

Considered good

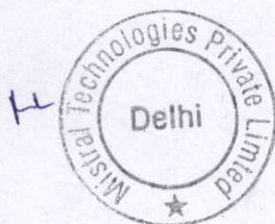
| | | |
|--|-------------------|-------------------|
| Intercorporate deposit (refer note 27) | 17,500,000 | 17,500,000 |
| | <u>17,500,000</u> | <u>17,500,000</u> |

Note 10 - Other current assets

Unsecured

Considered good

| | | |
|-------------------------------------|------------------|------------------|
| Balance with government authorities | 6,838,574 | - |
| Prepayments | 673,833 | 13,832 |
| Other receivables | - | 1,105,537 |
| | <u>7,428,097</u> | <u>1,119,369</u> |



| As at | 31 March 2019 | 31 March 2018 |
|-------|---------------|---------------|
|-------|---------------|---------------|

Note 11 - Share capital

Authorised

20,000 (31 March 2018: 20,000) equity shares of Rs 5/- each.

100,000 100,000

Total

100,000 100,000

Issued, subscribed and fully paid up*

20,000 (31 March 2018: 20,000) equity shares of Rs 5/- each.

100,000 100,000

100,000 100,000

* Of the total fully paid up equity shares: 20,000 of Rs 5/- each (31 March 2018: 20,000 equity shares of Rs 5/- each) are held by the Mistral Solutions Private Limited, the holding company.

Notes:

(a) Shares in respect of equity in the Company held by its holding Company in aggregate:

| | 31 March 2019 | | 31 March 2018 | |
|-----------------------------------|------------------|----------------|------------------|----------------|
| | Number of shares | Amount | Number of shares | Amount |
| Holding Company | | | | |
| Mistral Solutions Private Limited | 20,000 | 100,000 | 20,000 | 100,000 |
| | 20,000 | 100,000 | 20,000 | 100,000 |

(b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting year:

| | 31 March 2019 | | 31 March 2018 | |
|--|------------------|----------------|------------------|----------------|
| | Number of shares | Amount | Number of shares | Amount |
| Opening balance at the beginning of the reporting year | 20,000 | 100,000 | 20,000 | 100,000 |
| Closing balance at the end of the reporting year | 20,000 | 100,000 | 20,000 | 100,000 |

(c) Details of shareholders' holding more than 5% of the total number of equity shares.

| | 31 March 2019 | | 31 March 2018 | |
|-----------------------------------|------------------|-------------|------------------|-------------|
| | Number of shares | % holding | Number of shares | % holding |
| Holding Company | | | | |
| Mistral Solutions Private Limited | 20,000 | 100% | 20,000 | 100% |
| | 20,000 | 100% | 20,000 | 100% |

(d) Rights, preferences and restrictions attached to equity shares:

- The Company has only one class of shares referred to as equity shares having a par value of Rs 5/- each.

-Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholder meeting. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

-In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



Mistral Technologies Private Limited
Notes on financial statements (continued)

Note 12 - Other equity

| Particulars | Amount in Rs. | | |
|---|----------------------------------|--------------------------|--------------------------|
| | Other Comprehensive Income | Retained earnings | Total |
| Balance as at 01 April 2017 | - | 15,731,366 | 15,731,366 |
| Additions | | | |
| Remeasurement of net defined benefit liability/asset, net of tax effect | 101,227 | - | 101,227 |
| Net profit after tax transferred from the statement of profit or loss | - | 24,029,260 | 24,029,260 |
| | <u>101,227</u> | <u>39,760,626</u> | <u>39,861,852</u> |
| Deductions | | | |
| Transfer to general reserve | - | - | - |
| Balance as at 31 March 2018 | <u><u>101,227</u></u> | <u><u>39,760,626</u></u> | <u><u>39,861,852</u></u> |
| Balance as at 01 April 2018 | 101,227 | 39,760,626 | 39,861,852 |
| Additions | | | |
| Remeasurement of net defined benefit liability/asset, net of tax effect | (27,268) | - | (27,268) |
| Net profit after tax transferred from the statement of profit or loss | - | 16,320,693 | 16,320,693 |
| | <u>73,959</u> | <u>56,081,319</u> | <u>56,155,277</u> |
| Deductions | | | |
| Transfer to general reserve | - | - | - |
| Balance as at 31 March 2019 | <u><u>73,959</u></u> | <u><u>56,081,319</u></u> | <u><u>56,155,277</u></u> |



H



Mistral Technologies Private Limited
Notes on financial statements (continued)

Amount in Rs

| As at | 31 March 2019 | 31 March 2018 |
|--|-------------------|-------------------|
| Note 13 - Provisions | | |
| Provision for employee benefits | | |
| - Gratuity (refer note 33) | 2,082,316 | 1,786,472 |
| - Compensated absences | 149,108 | 187,163 |
| | <u>2,231,424</u> | <u>1,973,635</u> |
| Note 14 - Trade payables | | |
| Total outstanding dues of micro and small enterprises (refer note below) | | |
| Total outstanding dues of other than micro and small enterprises* | 23,346,268 | 11,677,488 |
| | <u>23,346,268</u> | <u>11,677,488</u> |

* Includes dues to related party (refer note 31)

Note:

There are no material dues owed by the Company to Micro and Small enterprises, which are outstanding for more than 45 days during the year and as at 31 March 2019. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year:

| | | |
|-------------|---|---|
| - Principal | - | - |
| - Interest | - | - |

The amount of interest paid by the Company in terms of Section 16 of the MSMED Act, 2006 alongwith the amount of the payment made to the supplier beyond the appointed date during the year.

-

The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year.

-

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.

-

The amount of interest accrued and remaining unpaid at the end of each accounting year.

-

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductible expenditure under the MSMED Act, 2006.

-

Note 15 - Other financial liabilities

| | | |
|----------------------|------------------|------------------|
| Payable to employees | 1,361,722 | 1,987,678 |
| Other liabilities | - | 35,000 |
| Accrued expenses | 237,834 | 186,690 |
| | <u>1,599,556</u> | <u>2,209,368</u> |

Note 16 - Other current liabilities

| | | |
|--|------------------|------------------|
| Statutory liabilities (TDS, GST and PF etc.) | 2,643,286 | 1,044,413 |
| | <u>2,643,286</u> | <u>1,044,413</u> |

Note 17 - Provisions

| | | |
|-----------------------------------|----------------|----------------|
| Provision for employee benefits | | |
| - Gratuity (refer note 33) | 72,842 | 144,522 |
| - Compensated absences | 30,286 | - |
| Provision for liquidated damages* | 114,500 | 34,612 |
| | <u>217,628</u> | <u>179,134</u> |

* Provision for liquidated damages relates to estimated outflow in respect of products sold by the Company and estimated to be incurred due to delay in delivery of products to customers. These provisions are expected to be utilized over a period of one year.



Mistral Technologies Private Limited
Notes on financial statements (continued)

Amount in Rs.

| For the year ended | 31 March 2019 | 31 March 2018 |
|--|--------------------|--------------------|
| Note 18 - Revenue from operations | | |
| Product Sales | | |
| Sale of products | | |
| System engineering and traded sales | 102,732,533 | 81,907,061 |
| Sale of services | | |
| Professional engineering services | - | 11,947,896 |
| Annual maintenance contract | - | 7,008,725 |
| | <u>102,732,533</u> | <u>100,863,682</u> |

A. Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by market or type of customers, timing of revenue recognition and geography. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Primary Geographical Markets

| Geography | 31 March 2019 |
|-----------|--------------------|
| India | 102,732,533 |
| Others | - |
| | <u>102,732,533</u> |

Timing of revenue recognition

| | 31 March 2019 |
|--|--------------------|
| Goods or services transferred at point in time | 102,732,533 |
| Goods or 'Service transferred over time | - |
| | <u>102,732,533</u> |

B. Revenue to be recognised for performance obligation(s) not satisfied or partially satisfied at the end of the current year in respect of contracts with customer that are in place (i.e. signed agreements/ POs/WOs, etc) at the end of 31 March 2019:

| Time Band | 31 March 2019 |
|-----------------------|---------------|
| < 1 year | - |
| > 1 year but < 5 year | - |
| | <u>-</u> |

C. Reconciliation of revenue from contracts with customers

| | 31 March 2019 |
|---|--------------------|
| Revenue from contracts with customers as per the contract price | 102,812,421 |
| Adjustments made to contract price on account of :- | |
| a) Liquidated damages | 79,888.00 |
| Revenue from contracts with customers as per the Statement of Profit and Loss | <u>102,732,533</u> |

Amount in Rs.

| For the year ended | 31 March 2019 | 31 March 2018 |
|--|-------------------|-------------------|
| Note 19 - Other income | | |
| Interest income from financial assets carried at amortised cost | 1,750,000 | 1,073,287 |
| Net gain on financial asset measured at fair value through profit and loss | 206,750 | - |
| Provision no longer required, written back | - | 189,606 |
| Foreign exchange gain (net) | 170,173 | - |
| Dividend income | 179,534 | 72,822 |
| | <u>2,306,457</u> | <u>1,335,715</u> |
| Note 20 - Purchase of stock-in-trade | | |
| Purchase | 62,798,231 | 53,271,407 |
| Cost of annual maintenance contracts | - | 5,763,160 |
| | <u>62,798,231</u> | <u>59,034,567</u> |



Note 21 - Changes in inventories of stock-in-trade

Opening inventory

Stock-in-trade

2,169,093

Closing inventory

Stock-in-trade

(923,000)

(2,169,093)

1,246,093(2,169,093)**Note 22 - Employee benefits expense**

Salaries, wages and bonus

8,444,950

7,190,880

Contribution to provident and other funds (refer note 33)

648,105

1,203,224

Staff welfare expense

19,725

10,330

9,112,7808,404,434**Note 23 - Finance costs**

Interest expense on financial liability measured at amortised cost

127,537

-

127,537-**Note 24 - Other expenses**

Rent (refer note 26)

2,400,000

2,280,000

Power and fuel

68,080

14,700

Travelling and conveyance

84,606

23,722

Legal and professional charges (refer note 29)

5,917,750

365,600

Repairs and maintenance

- Others

443,301

324,485

Communication expenses

34,456

31,642

Rates and taxes

1,686

3,200

Advertisement and business promotion

13,497

-

Bank charges

57,129

122,013

Net loss on foreign currency transaction and translation

-

738,159

Miscellaneous expenses

66,965

64,909

9,087,4703,968,430

(a) Amounts recognised in Statement of Profit and Loss

| For the period ended | 31 March 2019 | 31 March 2018 |
|---|------------------|------------------|
| Current tax | 6,409,581 | 9,445,939 |
| Deferred tax | | |
| Attributable to origination and reversal of temporary differences | (104,572) | (578,880) |
| Tax expense for the year | 6,305,009 | 8,867,059 |

(b) Amounts recognised in other comprehensive income

| For the period ended | 31 March 2019 | | | 31 March 2018 | | |
|--|--------------------|-----------------------|--------------------|-------------------|-----------------------|-------------------|
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| Items that will not be reclassified to statement of profit and loss | | | | | | |
| Remeasurements of the defined benefit plans | (36,849) | 9,581 | (27,268) | 136,369 | (35,142) | 101,227 |
| | (36,849.00) | 9,581.00 | (27,268.00) | 136,369.00 | (35,142.29) | 101,226.71 |

(c) Reconciliation of effective tax rate

| For the period ended | 31 March 2019 | 31 March 2018 |
|--|-------------------|-------------------|
| Profit before tax | 22,625,702 | 32,896,318 |
| Tax using the Company's domestic tax rate: | | |
| Reduction in tax rate | 27.82% | 27.55% |
| | 6,294,470 | 9,063,758 |
| Tax effect of: | | |
| Others | 0.05% | -0.60% |
| | 10,539 | (196,699) |
| | 27.87% | 26.95% |
| | 6,305,009 | 8,867,059 |

(d) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| | Deferred tax assets | | Deferred tax liabilities | | Deferred tax (liabilities) / asset, net | |
|-------------------------------|---------------------|----------------|--------------------------|---------------|---|----------------|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Property, plant and equipment | - | - | 3,695 | 13,078 | (3,695.00) | (13,078) |
| Employee benefits | 649,346 | 589,078 | - | - | 649,346 | 589,078 |
| Other items | 37,801 | 2,880 | - | - | 37,801.00 | 2,880.00 |
| | 687,147 | 591,958 | 3,695 | 13,078 | 683,452 | 578,880 |

(e) Movement in temporary differences

| | As at 1 April 2018 | Recognised in statement of profit and loss | Recognised in OCI | Recognised directly in equity | Others | As at 31 March 2019 |
|-------------------------------|--------------------|--|-------------------|-------------------------------|----------|---------------------|
| Property, plant and equipment | (13,078) | 9,383 | - | - | - | (3,695) |
| Employee benefits, net | 589,078 | 60,268 | - | - | - | 649,346 |
| Other items | 2,880 | 34,921 | - | - | - | 37,801 |
| | 578,880 | 104,572 | - | - | - | 683,452 |

| | As at 1 April 2017 | Recognised in statement of profit and loss | Recognised in OCI | Recognised directly in equity | Others | As at 31 March 2018 |
|-------------------------------|--------------------|--|-------------------|-------------------------------|----------|---------------------|
| Property, plant and equipment | - | (13,078) | - | - | - | (13,078) |
| Employee benefits | - | 589,078 | - | - | - | 589,078 |
| Other items | - | 2,880 | - | - | - | 2,880 |
| | - | 578,880 | - | - | - | 578,880 |

The following table provides the details of income tax assets and income tax liabilities as of 31 March 2019 and 31 March 2018

| As at | 31 March 2019 | 31 March 2018 |
|---|--------------------|--------------------|
| Income tax assets (net) | 39,515 | - |
| Current tax liabilities (net) | 1,517,894 | 1,967,685 |
| Net current income tax asset / (liability) | (1,478,379) | (1,967,685) |

The gross movement in the current income tax asset / (liability) for the year ended 31 March 2019 and 31 March 2018 is as follows:

| For the year ended | 31 March 2019 | 31 March 2018 |
|--|--------------------|--------------------|
| Net current income tax asset / (liability) at the beginning | (1,967,685) | (346,666) |
| Income tax paid | 6,889,306 | 7,860,062 |
| Current income tax expense | (6,409,581) | (9,445,939) |
| Income tax on other comprehensive income and others | 9,581 | (35,142) |
| Net current income tax asset / (liability) at the end | (1,478,379) | (1,967,685) |



Note 26 - Operating leases

The Company leases primarily office premises under cancellable operating lease agreements. Total rental expense under cancellable operating leases was Rs. 24,00,000 for the year ended 31 March 2019 (31 March 2018: 22,80,000).

Note 27 - i) Details of current investments purchased and sold during the current year:

a) Current investments purchased and sold during the current year

| Particulars | As at 1 April 2018 | Purchased during the year | Sold during the year | As at 31 March 2019 |
|------------------------------|--------------------|---------------------------|----------------------|---------------------|
| Investments in equity shares | - | 861,435 | - | 983,000 |

* Movement on account of gain on financial asset measured at fair value through profit and loss.

a) Current investments purchased and sold during the previous year

| Particulars | As at 1 April 2017 | Purchased during the year | Sold during the year | As at 31 March 2018 |
|------------------------------|--------------------|---------------------------|----------------------|---------------------|
| Investments in equity shares | - | - | - | - |

ii) Details of inter corporate deposit during the year:

a) Terms and conditions on which inter-corporate loans have been given

| Name of the borrower | Nature of relationship | Secured / Unsecured | Rate of interest | Term |
|----------------------------------|------------------------|---------------------|------------------|-------------------|
| Valdel Infratech Private Limited | Corporate | Unsecured | 10% | Payable on demand |

b) Details of loan given and repaid during the year

| | As at 1 April 2018 | Amount given during the year | Repaid during the year | As at 31 March 2019 |
|--|--------------------|------------------------------|------------------------|---------------------|
| Valdel Management Services Private Limited | 17,500,000 | - | - | 17,500,000 |

c) Details of loan given and repaid during the previous year

| | As at 1 April 2017 | Amount given during the year | Repaid during the year | As at 31 March 2018 |
|--|--------------------|------------------------------|------------------------|---------------------|
| Valdel Management Services Private Limited | - | 17,500,000 | - | 17,500,000 |

Note 28 - Earnings per share

Computation of earnings per share is as follows:

| For the period | 31 March 2019 | 31 March 2018 |
|---|----------------------|----------------------|
| Net profit attributable to the equity shareholders | 16,320,693 | 24,029,260 |
| Number of weighted average shares considered for calculation of basic earnings per share* | 20,000 | 20,000 |
| For the period | 31 March 2019 | 31 March 2018 |
| Earnings per share: | | |
| -Basic | 816.03 | 1,201.46 |
| -Diluted | 816.03 | 1,201.46 |

* There are no potential dilutive equity shares

Note 29 - Auditor's remuneration (included in legal and professional fees, excluding applicable taxes)

| For the period | 31 March 2019 | 31 March 2018 |
|------------------------|---------------|---------------|
| Audit fees | 60,000 | 35,000 |
| Other services | - | 20,000 |
| Out of pocket expenses | 1,500 | - |
| | 61,500 | 55,000 |

Note 30 - Capital management

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

The Company monitors capital on the basis of the following gearing ratio.

| Particulars | 31 March 2019 | 31 March 2018 |
|----------------------|---------------|---------------|
| Total debt | - | - |
| Total equity | 56,255,277 | 39,961,852 |
| Debt to equity ratio | 0% | 0% |



Note 31 - Related parties

Relationships

1. Ultimate holding company Jupiter Capital Private Limited
- Holding company Mistral Solutions Private Limited
- Fellow subsidiary Mistral Solutions Inc.
Aero Electronics Private Ltd.
Mistral Solutions Pte Ltd
2. Key Management Personnel (KMP):
Director Rajeev Ramachandra
Director Mujahid Alam

3. The following are significant transactions with related parties by the Company.

| Particulars | Amount in Rs. | | |
|--|-------------------|---------------|------------|
| | 31 March 2019 | 31 March 2018 | |
| Revenue from operations | | | |
| <i>Professional engineering services</i> | | | |
| Mistral Solutions Private Limited | Holding company | - | 2,542,883 |
| Mistral Solutions Inc. | Fellow subsidiary | - | 11,947,896 |
| <i>System engineering and traded sales</i> | | | |
| Mistral Solutions Private Limited | Holding company | 2,304,000 | - |
| Other income | | | |
| Mistral Solutions Private Limited | Holding company | - | 100,000 |
| Legal and professional fees | | | |
| Mistral Solutions Private Limited | Holding company | 5,100,000 | - |
| Interest expense | | | |
| Mistral Solutions Private Ltd | Holding company | 127,537 | - |
| Purchase of goods | | | |
| Mistral Solutions Private Limited | Holding company | - | 3,235,328 |
| Mistral Solutions Inc. | Fellow subsidiary | 4,841,277 | - |

4. The balance receivable from and payable to related parties are as follows:

| Particulars | | | |
|-----------------------------------|-------------------|---------------|------------|
| | 31 March 2019 | 31 March 2018 | |
| Trade receivables | | | |
| Mistral Solutions Inc. | Fellow subsidiary | - | 6,109,765 |
| Trade Payables | | | |
| Mistral Solutions Inc. | Fellow subsidiary | - | 15,862,080 |
| Other Receivables | | | |
| Mistral Solutions Private Limited | Holding company | - | 1,105,537 |

Note 32 - Disclosure of provisions movement as required under the provisions of Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets:

For the year ended 31 March 2019

| Particulars | Balance as at beginning of the year | Provisions made during the year | Utilizations/reversals during the year | Balance as at end of the year |
|----------------------------------|-------------------------------------|---------------------------------|--|-------------------------------|
| Provision for liquidated damages | 34,612 | 204,500 | 124,612 | 114,500 |

For the year ended 31 March 2018

| Particulars | Balance as at beginning of the year | Provisions made during the year | Utilizations/reversals during the year | Balance as at end of the year |
|----------------------------------|-------------------------------------|---------------------------------|--|-------------------------------|
| Provision for liquidated damages | 250,000 | 34,612 | 250,000 | 34,612 |



(a) Defined contribution plans

The Company has recognised an amount of Rs. 3,91,241 (31 March 2018: Rs. 3,77,767) as expenses under the defined contribution plans in the statement of profit and loss for the year.

(b) Defined benefit plans

| | 31 March 2019 | 31 March 2018 |
|---|--------------------|--------------------|
| 1. Reconciliation of net defined benefit asset / (liability) | | |
| (i) Reconciliation of present value of defined benefit obligation | | |
| Obligations as at 1 April | 1,930,994 | - |
| Current Service cost | 71,633 | 144,522 |
| Past Service Cost* | - | 817,304 |
| Interest Cost | 148,382 | - |
| Benefits settled | (32,700) | - |
| Actuarial (gain) / loss due to financial assumptions | 51,821 | (136,369) |
| Actuarial (gain) / loss due to demographic assumptions | (851) | - |
| Actuarial (gain) / loss due to experience adjustments | (14,121) | - |
| Liability assumes/ transfer | - | 1,105,537 |
| Obligations at the year end 31 March | 2,155,158 | 1,930,994 |
| (ii) Reconciliation of present value of plan asset: | | |
| Plan assets as at 1 April | - | - |
| Contributions | 32,700 | - |
| Benefits settled | (32,700) | - |
| Plan assets at 31 March at fair value | - | - |
| (iii) Reconciliation of net defined benefit asset/(liability) | | |
| Present value of obligation as at 31 March | 2,155,158 | 1,930,994 |
| Plan assets at 31 March at fair value | - | - |
| Amount recognised in balance sheet asset / (liability) | (2,155,158) | (1,930,994) |
| Non-Current | 2,082,316 | 1,849,445 |
| Current | 72,842 | 81,549 |
| 2. Expenses recognised in the statement of profit and loss under Employee benefit expense: | | |
| Current service cost | 71,633 | 144,522 |
| Past service cost* | - | 817,304 |
| Interest cost | 148,382 | - |
| Net cost | 220,015 | 961,826 |
| 3. Remeasurements recognised in statement of Other comprehensive income | | |
| Changes in financial assumptions | 51,821 | (136,369) |
| Experience adjustments | (14,121) | - |
| Demographic adjustments | (851) | - |
| Net Loss / (Gain) recognised in statement of other comprehensive income | 36,849 | (136,369) |
| 4. Experience adjustment: | | |
| On plan liabilities (gain) / loss | - | - |
| On plan assets gain / (loss) | - | - |
| 5. Investment details: | | |
| | % Invested | % Invested |
| Insurer managed funds | 0.00% | 0.00% |
| Others | 0.00% | 0.00% |

Notes:

* During the previous year, the monetary ceiling under the Payment of Gratuity Act, 1972 was enhanced from Rs. 10.00 lakhs to Rs. 20.00 lakhs. The revised benefit is described in the summary of gratuity benefit set-out in the above notes. This change resulted in a past service cost for the Company which has been recognised in the statement of profit or loss account for the year.

Amount in Rs.

Note 33 - Employee benefits (continued)

| | | |
|---|-------|-------|
| 6. Principal actuarial assumptions | | |
| Discount factor [Refer note (i) below] | 7.85% | 7.50% |
| Estimated rate of return on plan assets [Refer note (ii) below] | 7.85% | 7.85% |
| Attrition rate: | | |



| | | |
|--|-----------|-----------|
| Age related (Service related): | | |
| 21-30 Years | 15.00% | 15.00% |
| 31-34 Years | 10.00% | 10.00% |
| 35-44 Years | 5.00% | 5.00% |
| 45-50 Years | 3.00% | 3.00% |
| 51-54 Years | 2.00% | 2.00% |
| 55-59 Years | 1.00% | 1.00% |
| Salary escalation rate [Refer note (iii) below] | 7.00% | 7.00% |
| Retirement age (in years) | 60 | 60 |
| 7. Maturity profile of defined benefit obligation: | | |
| Within 1 year | 72,842 | 81,549 |
| 1-2 year | 89,991 | 68,119 |
| 2-3 year | 71,455 | 78,838 |
| 3-4 year | 73,222 | 64,934 |
| 4-5 year | 1,891,740 | 67,811 |
| 5- 10 year and above | 1,904,347 | 3,537,766 |

Notes:

- (i) The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.
- (ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.
- (iii) The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Sensitivity analysis

The sensitivity analysis of significant actuarial assumption as of end of reporting period is shown below.

| | 31 March 2019 | 31 March 2018 |
|--------------------------------|---------------|---------------|
| A. Discount rate | | |
| Discount rate -50 basis points | 3.61% | 3.83% |
| Discount rate +50 basis points | -3.41% | -3.61% |
| B. Salary escalation rate | | |
| Salary rate -50 basis points | -0.72% | -0.72% |
| Salary rate +50 basis points | 0.70% | 0.71% |



Note 34 - Financial instruments - fair values and risk management

Amount in Rs.

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2019, including their levels in the fair value hierarchy.

| Particulars | Note | Carrying amount | | | | Fair value | | | | |
|---|------|-------------------|-------|---|-----------------------------|-----------------------|------------|---------|---------|------------|
| | | FVTPL | FVOCI | Other financial assets - amortised cost | Other financial liabilities | Total carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value | | | | | | | | | | |
| Investment in mutual funds | 4 | 10,516,533 | - | - | - | 10,516,533 | 10,516,533 | - | - | 10,516,533 |
| Investment in equity shares | 4 | 983,000 | - | - | - | 983,000 | 983,000 | - | - | 983,000 |
| | | 11,499,533 | - | - | - | 11,499,533 | | | | |
| Financial assets not measured at fair value | | | | | | | | | | |
| Loans | 7 | - | - | 17,500,000 | - | 17,500,000 | | | | |
| Trade receivables | 5 | - | - | 34,127,923 | - | 34,127,923 | | | | |
| Cash and cash equivalents | 6 | - | - | 15,529,479 | - | 15,529,479 | | | | |
| | | - | - | 67,157,403 | - | 67,157,403 | | | | |
| Financial liabilities not measured at fair value | | | | | | | | | | |
| Trade payables | 13 | - | - | - | - | - | | | | |
| Other financial liabilities | 14 | - | - | - | 1,599,556 | 1,599,556 | | | | |
| | | - | - | - | 1,599,556 | 1,599,556 | | | | |

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2018, including their levels in the fair value hierarchy.

| Particulars | Note | Carrying amount | | | | Fair value | | | | |
|---|------|------------------|-------|---|-----------------------------|-----------------------|-----------|---------|---------|-----------|
| | | FVTPL | FVOCI | Other financial assets - amortised cost | Other financial liabilities | Total carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value | | | | | | | | | | |
| Investment in mutual funds | 4 | 7,010,199 | - | - | - | 7,010,199 | 7,010,199 | - | - | 7,010,199 |
| Investment in equity shares | 4 | - | - | - | - | - | - | - | - | - |
| | | 7,010,199 | - | - | - | 7,010,199 | | | | |
| Financial assets not measured at fair value | | | | | | | | | | |
| Loans | 7 | - | - | 17,500,000 | - | 17,500,000 | | | | |
| Trade receivables | 5 | - | - | 27,062,196 | - | 27,062,196 | | | | |
| Cash and cash equivalents | 6 | - | - | 3,452,327 | - | 3,452,327 | | | | |
| | | - | - | 48,014,523 | - | 48,014,523 | | | | |
| Financial liabilities not measured at fair value | | | | | | | | | | |
| Trade payables | 13 | - | - | - | - | - | | | | |
| Other financial liabilities | 14 | - | - | - | 2,209,368 | 2,209,368 | | | | |
| | | - | - | - | 2,209,368 | 2,209,368 | | | | |

The fair value of cash and cash equivalents, trade receivables, loans, trade payables and other financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of such loans approximate fair value.

Investments in liquid and short-term mutual funds which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held. Investments in equity shares which are classified as FVTPL are measured using market price of share at the reporting date multiplied by the quantity held.



Note 34 - Financial instruments - fair values and risk management (continued)

Amount in Rs.

Financial risk management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's management risk policy is set by the Board. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market 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. A summary of the risks have been given below.

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.

Financial assets that are not credit impaired

The Company has financial assets which are in the nature of cash and cash equivalents, other bank balances, loans, security deposits, interest accrued on fixed deposits and other receivables which are not credit impaired. These are contractually agreed where the probability of default is negligible.

Financial assets that are credit impaired

Trade receivables

The Company's exposure to credit risk is influenced mainly by the type of each customer. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are into defence sector or non defence sector, industry, trading history with the Company and existence of previous financial difficulties.

The Company's exposure to credit risk for trade receivables by the type of counterparty is as follows:

| Carrying amount | 31 March 2019 | 31 March 2018 |
|--------------------|-------------------|-------------------|
| Defence sector | 34,127,923 | 20,952,431 |
| Non defence sector | - | - |
| Related parties | - | 6,109,765 |
| | <u>34,127,923</u> | <u>27,062,196</u> |

The Company has calculated the impairment loss arising on account of past trends in the default rate for time bucket.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Liquidity risk

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

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019.

| Particulars | As at 31 March 2019 | | |
|---|---------------------|-----------|-------------------|
| | Less than 1 year | 1-2 years | 2 years and above |
| Non-derivative financial liabilities | | | |
| Trade payables | - | - | - |
| Other financial liabilities | 1,599,556 | - | - |
| | <u>1,599,556</u> | <u>-</u> | <u>-</u> |
| | | | |
| Particulars | As at 31 March 2018 | | |
| | Less than 1 year | 1-2 years | 2 years and above |
| Non-derivative financial liabilities | | | |
| Trade payables | - | - | - |
| Other financial liabilities | 2,209,368 | - | - |
| | <u>2,209,368</u> | <u>-</u> | <u>-</u> |

Note 34 - Financial instruments - fair values and risk management (continued)

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management is as follows.



| Particulars | Amount in Rs. | |
|---|---------------|-------------------|
| | 31 March 2019 | |
| | USD | EURO |
| Trade and other payables | 19,716 | 23,201,131 |
| Net exposure in respect of recognised assets and liabilities | 19,716 | 23,201,131 |

| Particulars | 31 March 2018 | |
|---|------------------|------------------|
| | USD | EURO |
| Trade and other payables | 7,016,806 | 4,584,840 |
| Net exposure in respect of recognised assets and liabilities | 7,016,806 | 4,584,840 |

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar, Euro or GBP against all other currencies as at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

31 March 2019

USD (for 1% movement)
EURO (for -1% movement)

| Profit or loss | | Equity, net of tax | |
|----------------|------------------|--------------------|------------------|
| Strengthening | Weakening | Strengthening | Weakening |
| 197,16 | (197,16) | 142 | (142) |
| 232,011 | (232,011) | 167,466 | (167,466) |
| 232,208 | (232,208) | 167,608.08 | (167,608) |

31 March 2018

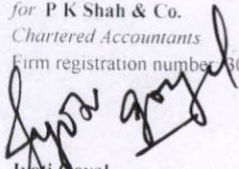
USD (for 1% movement)
EURO (for 1% movement)

| Profit or loss | | Equity, net of tax | |
|----------------|------------------|--------------------|-----------------|
| Strengthening | Weakening | Strengthening | Weakening |
| 70,168 | (70,168) | 45,883 | (45,883) |
| 45,848 | (45,848) | 29,980 | (29,980) |
| 116,016 | (116,016) | 75,863 | (75,863) |

Note 36 - The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law required existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international as well as domestic transactions entered into with the associated enterprise during the financial year and expects such records to be in existence as required by law. The Management is of the opinion that its international as well as domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for tax.

As per our report of even date attached

for P K Shah & Co.
Chartered Accountants
Firm registration number: 308150E


Jyoti Goyal
Partner

Membership Number: 311672

Place: Bengaluru
Date: 02 May 2019

for and on behalf of the Board of Directors of
Mistral Technologies Private Limited


Rajeev Ramachandra
Director
DIN: 00178796

Place: Bengaluru
Date: 02 May 2019


Mujahid Alam
Director
DIN: 02651595

Place: Bengaluru
Date: 02 May 2019