


Discoverture Solutions LLC
Consolidated balance sheet

		(Amount in Rs.)	
	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Members' funds			
Members' equity	3.1.1	116,850,351	186,955,014
		<u>116,850,351</u>	<u>186,955,014</u>
Current liabilities			
Trade payables			
Payable to micro and small enterprises (Refer note 3.10)		-	-
Others		103,445,069	61,415,456
Other current liabilities	3.2.1	26,697,843	20,799,103
Short-term provisions	3.2.2	83,933,383	16,556,904
		<u>214,076,295</u>	<u>98,771,463</u>
		<u>330,926,646</u>	<u>285,726,477</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	3.3.1	416,441	6,060,761
Intangible assets	3.3.1	37,956	563,273
Deferred tax assets (net)	3.3.2	9,111,763	-
Long-term loans and advances	3.3.3	8,679,221	1,168,082
		<u>18,245,381</u>	<u>7,792,116</u>
Current assets			
Trade receivables	3.4.1	147,797,009	186,683,057
Cash and bank balances	3.4.2	154,189,016	87,149,562
Short-term loans and advances	3.4.3	832,326	3,455,903
Other current assets	3.4.4	9,862,914	645,837
		<u>312,681,265</u>	<u>277,934,359</u>
		<u>330,926,646</u>	<u>285,726,475</u>
Significant accounting policies and notes to the accounts	2 & 3		

The notes referred to above form an integral part of the consolidated financial statements

For Discoverture Solutions LLC
By its sole member Mindtree Limited

Authorised Signatory

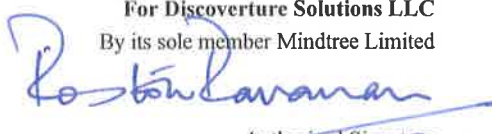
Place : Bangalore
Date : April 18, 2016

Discoverture Solutions LLC
Consolidated statement of profit and loss

(Amount in Rs.)

Particulars	Note	(Amount in Rs.)	
		For the year ended March 31, 2016	For the period February 1, 2015 to March 31, 2015
Revenue from operations		966,545,188	166,377,919
Other income	3.5	31,025,368	3,759,998
Total revenues		997,570,556	170,137,917
Expense:			
Employee benefits expense	3.6	545,745,265	91,994,355
Depreciation and amortisation expense	3.3.1	6,169,638	509,189
Other expenses	3.6	377,309,574	48,060,003
Total expenses		929,224,477	140,563,547
Profit before tax		68,346,079	29,574,370
Tax expense:	3.3.2		
Current tax		64,016,288	11,007,925
Deferred tax		(9,111,764)	-
Profit for the period		13,441,555	18,566,445
Significant accounting policies and notes to the accounts	2 & 3		

The notes referred to above form an integral part of the consolidated financial statements

For Discoverture Solutions LLC
By its sole member Mindtree Limited

Authorised Signatory


Place : Bangalore
Date : April 18, 2016

Discoverture Solutions LLC
Consolidated cash flow statements

(Amount in Rs.)

Particulars	For the year ended March 31, 2016	For the period February 1, 2015 to March 31, 2015
A. Cash flow from operating activities		
Profit / (Loss) before extraordinary items and tax	68,346,079	29,574,370
Adjustments for:		
Depreciation and amortisation expense	6,169,638	509,189
Operating profit / (loss) before working capital changes	74,515,717	30,083,559
Changes in working capital:		
Trade receivables	38,886,048	38,730,491
Changes in loans and advances and other assets	(6,733,908)	(2,458,136)
Trade payables	42,029,613	14,143,242
Other current liabilities	5,898,740	(65,888,404)
Short-term provisions	2,203,851	2,091,342
Net cash provided by operating activities before taxes	156,800,062	16,702,095
Net income tax (paid) / refunds	(6,214,389)	(5,477,818)
Net cash flow from / (used in) operating activities (A)	150,585,672	11,224,277
B. Cash flow from investing activities		
Capital expenditure on fixed assets	-	(45,455)
Net cash flow from / (used in) investing activities (B)	-	(45,455)
Cash flow from financing activities		
Change in members' equity	(83,547,326)	-
Net cash used in financing activities (C)	(83,547,326)	-
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	67,038,346	11,178,822
Cash and cash equivalents at the beginning of the year	87,149,562	76,029,583
Effect of exchange differences on translation of foreign currency balances	1,107	(58,842)
Cash and cash equivalents at the end of the year	154,189,016	87,149,562

For Discoverture Solutions LLC
By its sole member Mindtree Limited


Authorised Signatory

Place : Bangalore
Date : April 18, 2016

Discoverture Solutions LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2016

1. Background

Discoverture Solutions LLC (the "Company"), an Arizona based limited liability corporation, was incorporated on October 3, 2002. Mindtree Limited acquired the 100% holding of this entity from the promoters of the Company. The Company provides information technology solution, in the fields of insurance and healthcare. It has offices in United States of America, United Kingdom and Canada. The Company has two fully owned subsidiaries, Discoverture Solutions Europe Limited (situated in London, United Kingdom) and Discoverture ULC Canada (situated in Ontario, Canada) (The Company and its subsidiaries together called "the Group").

2. Significant Accounting Policies

2.1 Basis of preparation of consolidated financial statements

These consolidated financial statements are prepared solely for the purpose of consolidation with Mindtree Limited and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis and for the year ended March 31, 2016.

2.2 Principles of Consolidation

The financial statements of Discoverture Solutions LLC and its wholly owned and controlled subsidiary has been combined on a line-by-line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances/ transactions and the resultant unrealized gain/loss from the date the parent company acquired control of those subsidiaries.

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

2.3 Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of Income and expense of the period, assets and liabilities and disclosures relating to contingent liability as of the date of the consolidated financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in future periods.

2.4 Fixed assets and depreciation

2.4.1. Fixed assets are carried at cost of acquisition (including directly attributable costs such as freight, installation etc.) or construction less accumulated depreciation.

2.4.2 Acquired intangible assets are capitalised at the acquisition price. Internally generated intangible assets are recorded at cost that can be measured reliably during the development phase and when it is probable that future economic benefits that are attributable to the assets will flow to the Group.

2.4.3 Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

2.4.4 Advances paid towards the acquisition of fixed assets, outstanding at each balance sheet date are shown under capital advances. The cost of the fixed asset not ready for its intended use on such date, is disclosed under capital work-in-progress

2.4.5 The Company and its subsidiaries in the UK and Canada depreciate their property on straight-line method. If the management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than envisaged, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, the management has estimated the useful life as under:

Machinery and equipment - 20 years

Computers and software - 3 to 6 years

Furniture - 7 to 15 years

Other depreciable assets - 15 years

The Group believes that the useful lives as given above best represent the useful lives of these assets based on internal assessment and supported by technical advice where necessary.

The cost of leasehold land is amortised over the period of the lease. Leasehold improvements and assets acquired on finance lease are amortised over the lease term or useful life, whichever is lower.

Discoverture Solutions LLC

Significant accounting policies and notes to the accounts

2.5 Investments

2.5.1 Non-current investments are carried at cost less any other-than-temporary diminution in value, determined on the specific identification basis.

2.5.2 Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is carried out separately in respect of each investment.

2.5.3 Profit or loss on sale of investments is determined as the difference between the sale price and carrying value of investment, determined individually for each investment.

2.6 Cash and cash equivalents

Cash and cash equivalents in the consolidated cash flow statement comprises cash in hand and balance in bank in current accounts and deposit accounts

2.7 Consolidated cash flow statement

Cash flows are reported using the indirect method, whereby consolidated net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Group are segregated.

2.8 Employee benefits

Compensated Absences: The employees of the Group are entitled to compensated absences based on the un-availed leave balance and the last drawn salary of the respective employees.

401(k) Plan – The Company has established a 401(k) plan for its employees in the USA. The plan operates as a defined contribution plan and the Company contributes the specified percentages as stated in the plan as part of the employee's payroll.

2.9 Revenue recognition

The Group derives its revenues primarily from software services. Revenue from software development on time-and-material basis is recognised as the related services are rendered. Revenue from fixed price contracts is recognised using the proportionate completion method, which is determined by relating the actual project cost of work performed to date to the estimated total project cost for each contract. Unbilled revenue represents cost and earnings in excess of billings while unearned revenue represents the billing in excess of cost and earnings. 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.

2.10 Foreign Currency Translation

Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognised in the statement of profit and loss for the period.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the statement of profit and loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

In respect of integral operations, monetary assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. Non-monetary items are translated at the historical rate. The items in the statement of profit and loss are translated at the rates prevailing on the dates of the respective transactions. The differences arising out of the translation are recognised in the statement of profit and loss.



Discoverure Solutions LLC

Significant accounting policies and notes to the accounts

2.11 Taxation

The current income tax charge is determined in accordance with the relevant tax regulations applicable to respective entities within the Group.

2.12 Provision and contingent liabilities

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs 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.

2.13 Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset (including goodwill) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised. In respect of goodwill, impairment loss will be reversed only when it is caused by specific external events and their effects have been reversed by subsequent external events.



Discoverure Solutions LLC
 Significant accounting policies and notes to the accounts
 For the year ended March 31, 2016

3.3 Non-current assets

3.3.1 Fixed Assets

(amount in Rs.)

Particulars	Gross Block - As at March 31, 2016				Accumulated depreciation - As at March 31, 2016				Net Block value - As at March 31, 2016
	As at April 1, 2015	Additions during the year	Deletions during the year	As at March 31, 2016	As at April 1, 2015	For the year	Deletions during the year	As at March 31, 2016	
A. Tangible assets									
Computer Equipment	9,669,169	-	-	9,669,169	5,945,670	3,360,852	-	9,306,522	362,647
Leasehold Improvements	373,099	-	-	373,099	217,544	123,934	-	341,478	31,621
Office Equipments	3,273,732	-	-	3,273,732	2,595,721	655,838	-	3,251,559	22,173
Furniture & Fixtures	4,086,858	-	-	4,086,858	2,583,162	1,503,696	-	4,086,858	-
	17,402,858			17,402,858	11,342,097	5,644,320		16,986,417	416,441
B. Intangible assets									
Computers Software	14,033,445	-	-	14,033,445	13,470,172	525,317	-	13,995,489	37,956
	14,033,445			14,033,445	13,470,172	525,317		13,995,489	37,956
Total (A+B)	31,436,303			31,436,303	24,812,269	6,169,637		30,981,906	454,397

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Discoveriture Solutions LLC
 Significant accounting policies and notes to the accounts
 For the year ended March 31, 2016

3.3 Non-current assets

3.3.2 Taxes

Particulars	For the year ended March 31,	
	2,016	2,015
Tax expenses		
Current tax	64,016,287	11,007,925
	64,016,287	11,007,925
Deferred tax	(9,111,764)	-
	54,904,523	11,007,925

Deferred tax assets (net)

Particulars	As at March 31,	
	2,016	2,015
Provision for Volume Discount	621,936	-
Provision for doubtful debts	208,372	-
Accrued Sales Incentives	-	-
Accrued Leave Encashment/Bonus	1,548,276	-
Accrued SAR	-	-
Depreciation	3,504,593	-
State Taxes	3,228,586	-
Total	9,111,763	-

3.3.3 Long-term loans and advances

Particulars	As at March 31,	
	2,016	2,015
<i>(Unsecured, considered good)</i>		
Security deposits	1,140,710	1,168,082
Advance tax and tax deducted at source, net of provision for taxes	7,370,731	-
Advances recoverable in cash or in kind or for value to be received	167,780	-
Total	8,679,221	1,168,082

3.4 Current assets

3.4.1 Trade receivables

Particulars	As at March 31,	
	2,016	2,015
<i>(Unsecured)</i>		
Receivables overdue for a period exceeding six months		
- considered good	2,298,171	-
- considered doubtful	22,020,466	2,285,229
Other receivables		
- considered good	145,498,838	186,683,057
- considered doubtful	202,078	-
Less: Provision for doubtful receivables	(22,222,544)	(2,285,229)
Total	147,797,009	186,683,057

3.4.2 Cash and bank balances

Particulars	As at March 31,	
	2,016	2,015
Balances with banks in current and deposit accounts	154,189,016	87,149,562
Total	154,189,016	87,149,562

3.4.3 Short-term loans and advances

Particulars	As at March 31,	
	2,016	2,015
<i>(Unsecured, considered good)</i>		
Advances recoverable in cash or in kind or for value to be received	832,326	3,455,903
Less: Provision for doubtful advances	-	-
Total	832,326	3,455,903

3.4.4 Other current assets

Particulars	As at March 31,	
	2,016	2,015
Unbilled revenue	9,862,914	625,000
Other current assets	-	20,837
Total	9,862,914	645,837



Discoverture Solutions LLC
 Significant accounting policies and notes to the accounts
 For the year ended March 31, 2016

3.5 Other income

Particulars	For the year ended	For the period
	31-Mar-16	February 1, 2015 to March 31, 2015
Foreign exchange gain / (loss)	15,460,319	976,686
Other non-operating income	15,565,049	2,783,312
Total	31,025,368	3,759,998

3.6 Expenses

Employee benefits expense	For the year ended	For the period
	31-Mar-16	February 1, 2015 to March 31, 2015
Salaries and wages	496,308,585	90,259,621
Contribution to provident and other funds**	47,708,623	1,734,734
Staff welfare expenses	1,728,057	-
Total	545,745,265	91,994,355

Other expenses	For the year ended	For the period
	31-Mar-16	February 1, 2015 to March 31, 2015
Travel expenses	34,178,515	4,144,254
Communication expenses	3,026,619	588,901
Sub-contractor charges	284,927,059	31,767,360
Computer consumables	891,934	493,702
Legal and Professional charges	5,364,723	3,598,977
Power and fuel	97,406	-
Rent (Refer note 3.9)	17,718,429	2,586,636
Repairs and Maintenance - others	262,738	59,376
Insurance	357,350	116,784
Rates and taxes	8,345	1,104,394
Other expenses	30,476,456	3,599,619
Total	377,309,574	48,060,003

Discoverure Solutions LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2016

3.7 Segment Reporting

The Company is engaged in providing services in BFSI Vertical and is considered to constitute a single segment in the context of primary segment reporting as prescribed by Accounting Standard 17 - "Segment Reporting".

The secondary segment is identified to geographical locations. Details of secondary segment by geographical locations are given below:

Particulars	For the year ended 31-Mar-16	For the period February 1, 2015 to March 31, 2015
America	960,165,578	154,886,733
Rest of the world	6,379,610	11,491,187

3.8 Related party transactions

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

Transactions with the above related parties during the none months period were:

Name of related party	Nature of transaction	For the year ended March 31, 2016	For the period February 1, 2015 to March 31, 2015
Mindtree Limited	Software services rendered	92,205,037	21,607,483
	Software services received	247,603,975	-

Balances receivable from related parties are as follows:

Name of related party	As at March 31,	
	2016	2015
Mindtree Limited	15,000,000	-

Balances payable to related parties are as follows:

Name of related party	As at March 31,	
	2016	2015
Mindtree Limited	98,000,000	21,834,563

Discoverture Solutions LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2016

3.9 Lease transactions

The Company is obligated under non-cancellable operating lease for office space.

Total rental expense and future lease payments under non-cancellable operating lease for office space is as follows:

Particulars	As at March 31,	
	2016	2015
Payable -- between one to five year	2,200,208	15,326,875
Payable -- later than five years	-	-

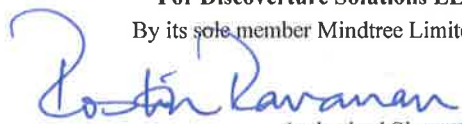
3.10 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2016 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	For the year	For the period
	ended March 31, 2016	February 1, 2015 to March 31, 2015
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting year;	Nil	Nil
The amount of interest paid by the buyer under the Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
The amount of interest due and payable for the year (where the principal has been paid but interest under the Act not paid);	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of accounting year; and	Nil	Nil
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil	Nil

3.11 Corresponding figures for the previous year presented have been regrouped, where necessary, to conform to the current year's classification.

For Discoverture Solutions LLC
 By its sole member Mindtree Limited


 Authorised Signatory

Place : Bangalore
 Date : April 18, 2016