Discoverture Solutions LLC
Consolidated balance sheet

(Amount in Rs)

	Note	As at March 31, 2017	As at March 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	3	3,377	416,441
Intangible assets	4	-	37,956
Financial assets	5		
Loans	5.1	1,140,710	1,140,710
Deferred tax assets (Net)		6,411,383	9,111,763
Other non-current assets	6	10,602,761	7,538,511
		18,158,231	**18,245,381**
Current assets			
Financial assets	7		
Trade receivables	7.1	162,078,634	147,797,009
Cash and cash equivalents	7.2	95,200,463	154,189,016
Other financial assets	7.3	648,500	9,862,919
Other current assets	8	3,476,838	3,428,825
		261,404,435	**315,277,769**
TOTAL ASSETS		**279,562,666**	**333,523,150**
EQUITY AND LIABILITIES			
Equity			
Members' Equity		64,107,464	116,850,351
Liabilities			
Current liabilities			
Financial liabilities	9		
Trade payables		38,248,124	103,814,582
Other financial liabilities	9.1	64,047,582	24,661,771
Other current liabilities	10	261,429	4,263,057
Provisions	11	8,526,483	7,058,535
Current tax liabilities (Net)		104,371,584	76,874,854
		215,455,202	**216,672,799**
TOTAL EQUITY AND LIABILITIES		**279,562,666**	**333,523,150**

See accompanying notes to the consolidated financial statements

For Discoverture Solutions LLC
By its sole member Mindtree Limited

Authorised Signatory

Place : Bangalore
Date : April 20, 2017

Discoverture Solutions LLC

Consolidated statement of profit and loss

			(Amount in Rs)
		For the year ended	
	Note	**March 31, 2017**	**March 31, 2016**
Revenue from operations		775,629,847	966,545,188
Other income	12	-	31,025,368
Total income		**775,629,847**	**997,570,556**
Expenses			
Employee benefits expense	13	466,509,373	545,745,265
Depreciation and amortization expense	14	451,020	6,169,637
Other expenses	15	247,998,467	377,309,575
Total expenses		**714,958,860**	**929,224,477**
Profit before tax		**60,670,987**	**68,346,079**
Tax expense:			
Current tax		29,830,740	64,016,288
Deferred tax		2,700,380	(9,111,764)
Profit for the period		**28,139,867**	**13,441,555**
Other comprehensive income		**-**	**-**
Total comprehensive income for the period		**28,139,867**	**13,441,555**

See accompanying notes to the consolidated financial statements

For Discoverture Solutions LLC
By its sole member Mindtree Limited

Authorised Signatory

Place : Bangalore
Date : April 20, 2017

Discoverture Solutions LLC
Consolidated statement of cash flow

	Rs in million, except per share data For the year ended March 31	
	2017	**2016**
Cash flow from operating activities		
Profit for the period	60,670,987	68,346,079
Adjustments for :		
Depreciation and amortization expense	451,020	6,169,638
Allowance for doubtful debt	(18,940,922)	19,937,315
Changes in operating assets and liabilities		
Trade receivables	4,659,296	18,948,734
Loans Advances and Other assets	9,334,185	(6,733,908)
Trade payables	(65,566,457)	42,029,613
Other liabilities	35,384,183	5,898,740
Provisions	1,467,948	2,203,851
Net cash provided by operating activities before taxes	**27,460,240**	**156,800,062**
Income taxes paid	(5,566,039)	(6,214,389)
Net cash (used in)/ provided by operating activities	**21,894,201**	**150,585,673**
Cash flow from investing activities		
Net cash (used in)/ provided by investing activities	**-**	**-**
Cash flow from financing activities		
Change in Members Equity	(80,882,754)	(83,547,326)
Net cash (used in)/ provided by financing activities	**(80,882,754)**	**(83,547,326)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	-	1,107
Net decrease in cash and cash equivalents	(58,988,553)	67,039,454
Cash and cash equivalents at the beginning of the period	154,189,016	87,149,562
Cash and cash equivalents at the end of the period (Refer note 7.3	**95,200,463**	**154,189,016**

See accompanying notes to the consolidated interim financials statements

For Discoverture Solutions LLC
By its sole member Mindtree Limited

Authorised Signatory

Place : Bangalore
Date : April 20, 2017

Discoverture Solutions LLC
Consolidated statement of changes in equity for the year ended March 31, 2017

Members' equity

Members' capital account	**Amount in Rs**
Balance as on April 1, 2015	**186,955,014**
Add: addition during the year	(70,104,663)
Balance as on March 31, 2016	**116,850,351**
Balance as on April 1, 2016	**116,850,351**
Add: addition during the year	(52,742,887)
Balance as on March 31, 2017	**64,107,464**

See accompanying notes to the consolidated financial statements

For Discoverture Solutions LLC
By its sole member Mindtree Limited

Authorised Signatory

Place : Bangalore
Date : April 20, 2017

Discoverture Solutions LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2017
(Amount in Rupees)

1. Company overview

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 and presentation

(a) Statement of compliance

These consolidated financial statements have been prepared solely for the purpose of consolidation with Mindtree Limited in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable.

For the year ended March 31, 2016, the Group had earlier prepared and presented its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 (Indian GAAP).

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

i. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments); and
ii. Defined benefit and other long-term employee benefits.

(c) Use of estimates and judgement
The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

i) *Revenue recognition:* The Group uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.

ii) *Income taxes:* The current income tax charge is determined in accordance with the relevant tax regulations applicable to respective entities within the Group. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

iii) *Other estimates:* The preparation of consolidated financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Group estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2.2 Basis of consolidation
Subsidiaries
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the parent has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.
The financial statements of subsidiaries are consolidated on a line-by-line basis and intra-group balances and transactions including un-realized gain/ loss from such transactions are eliminated upon consolidation. The financial statements are prepared by applying uniform policies in use at the Group.

2.3 Summary of significant accounting policies

(i) Functional and presentation currency
Items included in the consolidated financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The consolidated financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

(ii) Foreign currency transactions and balances
Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit and loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

(iii) Financial instruments
All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. Loans and borrowings and payables are recognised net of directly attributable transaction costs.

For the purpose of subsequent measurement, financial instruments of the Group are classified in the following categories: non-derivative financial assets at amortised cost and non derivative financial liabilities at amortised cost.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

a) *Non-derivative financial assets*
(i) *Financial assets at amortised cost*
A financial asset shall be measured at amortised cost if both of the following conditions are met:
(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate method, less any impairment loss.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.
For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding book overdrafts that are repayable on demand and are considered part of the Group's cash management system.

b) *Non-derivative financial liabilities*
(i) Financial liabilities at amortised cost
Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.
(iv) Property, plant and equipment
a) *Recognition and measurement:* Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

b) Depreciation: The Group depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful life and lease term. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Category	**Useful life**
Computers	3 - 6 years
Furniture and fixtures	7 - 15 years
Other depreciable assets	15 years
Plant and machinery	20 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

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the consolidated statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the consolidated statement of profit and loss.

Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital advance and capital work-in-progress respectively.

(v) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful lives of intangibles are as follows:

Category	**Useful life**
Computer software	3-6 years

(vi) Leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the consolidated statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

(vii) Impairment

a) Financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive(i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

(i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

(ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward- looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the statement of profit and loss under other expenses. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

b) Non-financial assets

The Group assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Group estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in the consolidated statement of profit and loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the consolidated statement of profit and loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

(ix) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

(x) Revenue

The Group derives revenue primarily from software development and related services. The Group recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method for recognizing revenues and costs depends on the nature of the services rendered.

a) Time and materials contracts
Revenues and costs relating to time and materials contracts are recognized as the related services are rendered.

b) Fixed-price contracts

Revenues from fixed-price contracts are recognized using the "percentage-of-completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

If the Group does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable.

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the consolidated statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

'Unbilled revenues' represent cost and earnings in excess of billings as at the end of the reporting period.

'Unearned revenues' represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered are presented as 'Advance from customers'.

(xi) Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

a) Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

b) Deferred income tax
Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary

Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

New standards and interpretations not yet adopted

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the group from April 1, 2017.

Amendment to Ind AS 7:
The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Discoverture Solutions LLC
Significant accounting policies and notes to the accounts
For the year ended March 31, 2017
(Amount in Rupees)

3 Property, plant and equipment

Particulars	Leasehold improvements	Office equipment	Computers	Furniture and fixtures	Total
Gross carrying value					
At April 1, 2015	**373,099**	**3,273,732**	**9,669,169**	**4,086,858**	**17,402,858**
Additions	-	-	-	-	-
Disposals / adjustments	-	-	-	-	-
At March 31, 2016	**373,099**	**3,273,732**	**9,669,169**	**4,086,858**	**17,402,858**
At April 1, 2016	**373,099**	**3,273,732**	**9,669,169**	**4,086,858**	**17,402,858**
Additions	-	-	-	-	-
Disposals / adjustments	-	-	-	-	-
At March 31, 2017	**373,099**	**3,273,732**	**9,669,169**	**4,086,858**	**17,402,858**
Accumulated depreciation					
At April 1, 2015	**217,544**	**2,595,721**	**5,945,670**	**2,583,162**	**11,342,097**
Depreciation expense	123,934	655,838	3,360,852	1,503,696	5,644,320
Disposals / adjustments	-	-	-	-	-
At March 31, 2016	**341,478**	**3,251,559**	**9,306,522**	**4,086,858**	**16,986,417**
At April 1, 2016	**341,478**	**3,251,559**	**9,306,522**	**4,086,858**	**16,986,417**
Depreciation expense	31,621	22,173	359,270	-	413,064
Disposals / adjustments	-	-	-	-	-
At March 31, 2017	**373,099**	**3,273,732**	**9,665,792**	**4,086,858**	**17,399,481**
Net carrying value as at March 31, 2017	**-**	**-**	**3,377**	**-**	**3,377**
Net carrying value as at March 31, 2016	**31,621**	**22,173**	**362,647**	**-**	**416,441**

Discoverture Solutions L.L.C.
Significant accounting policies and notes to the accounts
For the year ended March 31, 2017
(Amount in Rupees)

4 Intangible assets

Particulars	**Computer software**
Gross carrying value	
At April 1, 2015	**14,033,445**
Additions	-
Translation adjustment	-
Disposals / adjustments	-
At March 31, 2016	**14,033,445**
At April 1, 2016	**14,033,445**
Additions	-
Translation adjustment	-
Disposals / adjustments	-
At March 31, 2017	**14,033,445**
Accumulated depreciation	
At April 1, 2015	**13,470,172**
Amortisation expense	525,317
Translation adjustment	-
Disposals / adjustments	-
At March 31, 2016	**13,995,489**
At April 1, 2016	**13,995,489**
Amortisation expense	37,956
Translation adjustment	-
Disposals / adjustments	-
At March 31, 2017	**14,033,445**
Net carrying value as at March 31, 2017	**-**
Net carrying value as at March 31, 2016	**37,956**

Discoverture Solutions L.L.C.
Significant accounting policies and notes to the accounts
For the year ended March 31, 2017
(Amount in Rupees)

Non-current assets

5 Financial assets

5.1 Loans

Particulars	**As at March 31, 2017**	**As at March 31, 2016**
(Unsecured, considered good)		
Security deposits	1,140,710	1,140,710
Total	**1,140,710**	**1,140,710**

6 Other non-current assets

Particulars	**As at March 31, 2017**	**As at March 31, 2016**
Advance income-tax	10,602,761	7,370,731
Others	-	167,780
Total	**10,602,761**	**7,538,511**

Current assets

7 Financial assets

7.1 Trade receivables

Particulars	**As at March 31, 2017**	**As at March 31, 2016**
(Unsecured)		
Considered good	162,078,634	147,797,009
Considered doubtful	3,281,623	22,222,544
Less: Allowance for doubtful debts	(3,281,623)	(22,222,544)
Total	**162,078,634**	**147,797,009**

Movement in the expected credit loss allowance

Particulars	**For the year ended**	
	March 31, 2017	**March 31, 2016**
Balance at the beginning of the year	22,222,544	2,285,229
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(18,940,922)	19,937,315
Provision at the end of the year	3,281,623	22,222,544

7.2 Cash and cash equivalents

Particulars	**As at March 31, 2017**	**As at March 31, 2016**
Balances with banks in current accounts and deposit accounts	95,200,463	154,189,016
Cash and cash equivalents	**95,200,463**	**154,189,016**

7.3 Other financial assets

Particulars	**As at March 31, 2017**	**As at March 31, 2016**
Unbilled revenue	648,500	9,862,919
	648,500	**9,862,919**

8 Other current assets

Particulars	**As at March 31, 2017**	**As at March 31, 2016**
Prepaid expenses	3,335,906	3,428,825
Others	140,932	-
Total	**3,476,838**	**3,428,825**

(Amount in Rupees)

Current liabilities

9 Financial liabilities

9.1 Other financial liabilities

Particulars	**As at March 31, 2017**	**As at March 31, 2016**
Employee benefits payable	64,047,582	24,661,771
Total	**64,047,582**	**24,661,771**

10 Other current liabilities

Particulars	**As at March 31, 2017**	**As at March 31, 2016**
Advance from customers	261,429	2,505,178
Others	-	1,757,879
Total	**261,429**	**4,263,057**

11 Provisions

Particulars	**As at March 31, 2017**	**As at March 31, 2016**
Provision for discount	1,425,830	1,551,401
Provision for compensated absences	7,100,653	5,507,134
Total	**8,526,483**	**7,058,535**

Provision for discount

Provision for discount are for volume discounts and pricing incentives to customers accounted for by reducing the amount of revenue recognized at the time of sale.

Particulars	**For the year ended**	
	March 31, 2017	**March 31, 2016**
Balance at the beginning of the year	**1,551,401**	-
Provisions made during the year	-	**1,551,401**
Utilisations during the year	(125,571)	-
Released during the year	-	-
Provision at the end of the year	**1,425,830**	**1,551,401**

Discoverture Solutions L.L.C.
Significant accounting policies and notes to the accounts
For the year ended March 31, 2017
(Amount in Rupees)

12 Other income

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Foreign exchange gain/ (loss)	-	15,460,319
Others	-	15,565,049
Total	**-**	**31,025,368**

13 Employee benefits expense

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries and wages	426,512,370	496,308,585
Contribution to provident and other funds	39,591,700	47,708,623
Staff welfare expenses	405,303	1,728,057
Total	**466,509,373**	**545,745,265**

14 Depreciation and amortization expense

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation on property, plant and equipment (note 3)	413,064	5,644,320
Amortization of intangible assets (note 4)	37,956	525,317
Total	**451,020**	**6,169,637**

15 Other expenses

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Travel expenses	15,368,151	34,178,515
Communication expenses	3,115,624	3,026,619
Sub-contractor charges	206,744,886	284,927,059
Computer consumables	55,522	891,934
Legal and professional charges	1,022,777	5,364,723
Foreign exchange loss, net	1,851,741	-
Power and fuel	-	97,406
Lease rentals	15,357,169	17,718,429
Repairs and maintenance - Machinery	-	262,738
Insurance	-	357,350
Rates and taxes	169,728	8,345
Other expenses	4,312,869	30,476,456
Total	**247,998,467**	**377,309,575**

(Amount in Rupees)

16 Operating lease

The Group has various operating leases, mainly for office buildings including land. Lease rental expense under such non-cancellable operating lease during the year ended March 31, 2017 amounted to Nil (for the year ended March 31, 2016 amounted to Rs 17,718,429)

Particulars	**As at**	
	March 31, 2017	**March 31, 2016**
Payable – Later than one year and not later than five years	-	2,200,208
Payable – Later than five years	-	-

Additionally, the Group leases office facilities and residential facilities under cancellable operating leases. The rental expense under cancellable operating lease during the year ended March 31, 2017 amounted to Rs 15,357,169 (for the year ended March 31, 2016 amounted to Rs Nil).

(Amount in Rupees)

17 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2017 and March 31, 2016 is as follows:

Particulars	**Carrying value**		**Fair value**	
Financial assets	**March 31,2017**	**March 31,2016**	**March 31,2017**	**March 31,2016**
Amortised cost				
Loans	1,140,710	1,140,710	1,140,710	1,140,710
Trade receivable	162,078,634	147,797,009	162,078,634	147,797,009
Cash and cash equivalents	95,200,463	154,189,016	95,200,463	154,189,016
Other financial assets	648,500	9,862,919	648,500	9,862,919
Total assets	**259,068,307**	**312,989,654**	**259,068,307**	**312,989,654**
Financial liabilities				
Amortised cost				
Trade payables	38,248,124	103,814,582	38,248,124	103,814,582
Other financial liabilities	64,047,582	24,661,771	64,047,582	24,661,771
Total liabilities	**102,295,706**	**128,476,353**	**102,295,706**	**128,476,353**

The management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables, book overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

i) Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

ii) Fair values of the Group’s interest-bearing loans are determined by using DCF method using discount rate that reflects the issuer’s borrowing rate as at the end of the reporting period. The own non- performance risk as at March 31, 2017 was assessed to be insignificant.

(Amount in Rupees)

18 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of percentage of revenues generated from top customer and top 5 customers:

Particulars	For the year ended	
	March 31,2017	March 31,2016
Revenue from top customer	160,019,734	130,359,681
Revenue from top 5 customers	647,938,595	564,064,551

Five customer accounted for more than 10% of the revenue for the year ended March 31, 2017, however five of the customers accounted for more than 10% of the receivables for the year ended March 31, 2017. Four customers accounted for more than 10% of the revenue for the year ended March 31, 2016, however two of the customers accounted for more than 10% of the receivables for the year ended March 31, 2016.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Group has unutilized credit limits with banks.

The Group's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The working capital position of the Group is given below:

Particulars	As at March 31,2017	As at March 31, 2016
Cash and cash equivalents	95,200,463	154,189,016
Total	**95,200,463**	**154,189,016**

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2017 and March 31, 2016:

Particulars	As at March 31, 2017		
	Less than 1 year	1-2 years	2 years and above
Trade payables	38,248,124	-	-
Other financial liabilities	64,047,582	-	-

Particulars	As at March 31, 2016		
	Less than 1 year	1-2 years	2 years and above
Trade payables	103,814,582	-	-
Other financial liabilities	24,661,771	-	-

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates and investments. The Group's borrowings and investments are primarily short-term, which do not expose it to significant interest rate risk.

(Amount in Rupees)

19 Capital management

The Group’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group’s objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows:

Particulars	**As at March 31,2017**	**As at March 31, 2016**
Total equity attributable to the equity share holders of the Group	64,107,464	116,850,351
As percentage of total capital	100%	100%
Total capital (loans and borrowings and equity)	**64,107,464**	**116,850,351**

The Group's is equity financed which is evident from the capital structure table. Further, the Group has always been a net cash Group with cash and bank balances.

(Amount in Rupees)

20 Related party transaction

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 year were:

Name of related party	Nature of transaction	For the year ended	
		March 31, 2017	**March 31, 2016**
Mindtree Limited	Software services rendered	159,841,998	92,205,037
	Software services received	197,345,680	247,603,975
	Dividend received	80,718,000	68,430,000

Balances payable to related parties are as follows:

Name of related party	Nature of balance	As at March 31, 2017	As at March 31, 2016
Mindtree Limited	Trade payables	33,793,603	98,000,000

Balances receivable from related parties are as follows:

Name of related party	Nature of balance	As at March 31, 2017	As at March 31, 2016
Mindtree Limited	Trade receivables	23,803,794	15,000,000

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

(Amount in Rupees)

21 Segment information

The Group 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 Ind AS 108 - “Operating Segment”.

Geographical information

	For year ended March 31,	
Revenues	**2017**	**2016**
America	772,592,445	960,165,578
Rest of world	3,037,402	6,379,610
Total	**775,629,847**	**966,545,188**

Note:

Management believes that it is currently not practicable to provide disclosure of assets by geographical location, as meaningful segregation of the available information is onerous.

Please refer to Note No. 18 on Financial Instruments for information on revenue from major customers.

22 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, 2017 has been made in the financial statements based on information received and available with the Group. 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 Group has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	**For the year ended**	
	March 31, 2017	**March 31, 2016**
The principal amount and the interest due thereon 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

For Discoverture Solutions LLC
By its sole member Mindtree Limited

Authorised Signatory

Place : Bangalore
Date : April 20, 2017